

U.S. VIRGIN ISLANDS
ECONOMIC
DEVELOPMENT AUTHORITY

2019

Annual Report

October 2018 to September 2019





**U.S. VIRGIN ISLANDS
ECONOMIC DEVELOPMENT AUTHORITY**

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MESSAGE FROM THE GOVERNOR

As the U.S. Virgin Islands Economic Development Authority's team continues to work in synergy with our economic development partners and across its four entities offering business tax incentives, low-interest loans for our local entrepreneurs, tax credits and exemptions for neighborhood revitalization, and affordable business spaces for lease, the U.S. Virgin Islands is in a significant position to be a destination for economic growth for businesses and the USVI community.

Our economic development tax incentive program continues to expand opportunities for companies to relocate and invest in the USVI. And the impact of this program on our Territory could not be clearer than the findings of the 2019 Economic Impact Analysis Report of the U.S. Virgin Islands Economic Development Tax Incentive Program, which reflects more than \$1.4 billion in Territory-wide economic output and the creation of more than 19K full-time equivalent jobs in the USVI during a three-year period from 2013-2015.

Additionally, with a Strategic Alliance Memorandum established between the U.S. Small Business Administration and the USVIEDA, our local small businesses, especially our USVIEDA's EDB clients, will have more access to information on the financial resources and technical assistance these agencies provide. With a 15 percent increase in small-business loan repayments to the EDB over repayments made in FY 2018, our small-business clients are also on track to fully reinvest their earnings and accelerate business growth.

Our challenge in FY 2020 will be to continue to accelerate strategic efforts to:

1. Attract the best companies for business investments that can increase revenues and employment opportunities.
2. Retain our current businesses.
3. Strengthen our economic infrastructure following the devastation of Hurricanes Irma and Maria in 2017.
4. Ensure that our small to medium-sized businesses access funding to keep their doors open.
5. Revitalize our distressed neighborhoods.
6. Collaborate with government and non-government entities through strong partnerships to provide financial and technical resources for our entrepreneurs.
7. Seek new talent to expand a new generation of entrepreneurs and leaders in government service. These are significant parts of establishing a solid base for our economic success.

With an infusion of new ideas, raw talent, and a broad spectrum of new service products and partnerships in our marketplace, this can only provide a significant starting point of a necessary foundation for our economic success in the USVI. And the historical impact of our programs and services for economic development on our Territory serves as guidance for how we can move forward into the future.

In my new capacity as Governor of the U.S. Virgin Islands, I extend my congratulations to the newly appointed members of the USVIEDA Board of Directors and my thanks and appreciation to the USVIEDA management and staff for their tireless work through the USVIEDA's entities: the Economic Development Commission, Economic Development Bank, Enterprise Zone Commission, and the Virgin Islands Economic Development Park Corporation. As I provide the necessary leadership for my Administration to remain focused on harnessing economic opportunities for our Territory, I look forward to working together to ensure a greater quality of life for the people of the U.S. Virgin Islands.

Sincerely,

Albert Bryan Jr., Governor



**OFFICE OF THE LIEUTENANT GOVERNOR
UNITED STATES VIRGIN ISLANDS**



MESSAGE FROM LIEUTENANT GOVERNOR

The U.S. Virgin Islands Economic Development Authority (USVIEDA) serves as a vital resource for economic growth and development in the Territory. Charged with the responsibility of compiling fiscal year annual reports, the USVIEDA recognizes the importance of having accessible industry data. I applaud their efforts in creating a comprehensive financial summary of the economic climate of the U.S. Virgin Islands.

This annual report is intended to provide stakeholders with valuable information regarding business opportunities, economic developments, benefits and incentives, and strategic approaches to the current market.

The Virgin Islands has much to offer with industries that provide a framework for new economic ideas and growth. COVID-19 has undoubtedly had a tremendous impact on several segments of our business community with widespread challenges and uncertainties. However, even during the current pandemic, opportunities have emerged.

The innovation and resilience of business owners, investors, and vested stakeholders demonstrate a robust ability to make needed and viable changes. Many have adapted to our present reality.

As we embrace the need for new approaches, we also recognize the potential economic benefits that we are poised to realize. There are healthy indicators that currently exist for our economy, and even greater opportunities are forecasted. The U.S. Virgin Islands is poised to take advantage of these changes, to include expanding our tourism product and other sustainable markets.

In striving to move our Territory forward, we must recognize the benefits of economic development. We must also remain steadfast in identifying ways to revitalize our business community, to safely restore our cruise-line industry, to expand tourism products, and to stimulate areas of the economy that may have been overlooked.

The USVIEDA Annual Report will remain a staple guide as we explore ways to take the Virgin Islands to new economic heights.

Best wishes,

A handwritten signature in blue ink that reads "Tregenza A. Roach". The signature is written in a cursive style.

Tregenza A. Roach
Lieutenant Governor



Kevin A. Rodriguez

MESSAGE FROM THE BOARD CHAIRMAN

"...our leadership is not defined by our defense against threats, but by the enormous opportunities to do good and promote understanding." -Barack Obama, 44th President of the United States

This quote continues to remind me that becoming a leader presents new opportunities to learn - and most importantly - to serve others above oneself.

As the new chairman of the V.I. Economic Development Authority Board, it is my honor to be a part of the lead organization for economic development in the U.S. Virgin Islands. I extend my thanks and appreciation to my predecessor, former USVIEDA Board Chairman José A. Penn, for his dedicated service and leadership on this Board. I look forward to continuing to work with him, incoming USVIEDA Board Vice Chairman Gary Molloy and Board member Positive Nelson, other remaining Board members, and the USVIEDA team as we all work together to serve in the best interest of the people of the U.S. Virgin Islands.

In FY 2019, a focus on the importance of tax incentive programs for economic development, the promotion of locally-made products, and the harnessing of financial support and resources for our small-to-medium sized businesses was evident.

The Economic Impact Analysis (EIA) Report resonated the fact that the Virgin Islands Economic Development Tax Incentive Program is a tremendous contributor of Territory's economic trajectory. For the period of 2013 to 2015, this report reflected 19,308 full-time equivalent jobs in the USVI; more than \$1 billion in wages and salaries and more than \$309 million in taxes and duties.

Companies that signify their commitment to economic development projects can only enhance the possibilities of a robust economy in our Territory. Our local entrepreneurs are deemed equally important as well.

With the launch of the first "Made in the USVI" Pop Up Shop in 2018, this shop featuring locally-made products manufactured by talented entrepreneurs exemplify USVI pride through their innovative and unwavering entrepreneurial spirit.

While highlighting and supporting our local entrepreneurial talent, the USVI continued to join its U.S. partners in promoting the benefits of investing in the United States on the mainland and right here within the Caribbean region. This occurred through the USVI's participation in Caribbean Hotel and Resort Investment Summit (CHRIS) in Miami, FL; and the USVIEDA's first spin off event in the U.S. Virgin Islands following the USVIEDA's sponsorship in the 2019 SelectUSA Investment Summit in Washington, DC.

I look forward to working with the USVIEDA team, serving the USVI community, and working with the business community through economic and community development initiatives for the Territory as I embark on this new season of leadership and partnerships.

Sincerely,

Kevin A. Rodriguez
Chairman of the USVIEDA Board



Wayne L. Biggs, Jr.

MESSAGE FROM THE ASSISTANT CHIEF EXECUTIVE OFFICER

Fiscal year (FY) 2019 was marked by a reflection on significant investment program impacts, new leadership, and targeted activities our organization can use to attract business development and to support our local entrepreneurs.

In July 2019, the V.I. Economic Development Authority (USVIEDA) released the Economic Impact Analysis (EIA) Report for the V.I. Economic Development Commission's Tax Incentive Program. This report, covering a three-year period, was prepared by the University of the Virgin Islands' Institute for Leadership and Organizational Effectiveness (ILOE) in partnership with the USVIEDA, following the institute's independent study of this program.

The EIA report reflects the value of the VIEDC Tax Incentive Program with approximately \$1.5 billion in direct, indirect, and induced impacts on the USVI's employment, wages and salaries, tax payments and charitable contributions over three years.

This report also makes a strong case that the VIEDC Tax Incentive Program is a key driver of the USVI's economic development growth and the quality of life for business developers and our residents. To maintain this economic development stride, the USVIEDA continued to focus on attracting new business investment to the Territory through targeted events and additional and enhanced digital platforms.

This fiscal year, the USVIEDA - through its Marketing Department - revamped its website, www.USVIEDA.org, by improving site navigation methods to retrieve targeted information for both residents and investors from abroad. This revamp led to a 35 percent increase in new users. The USVIEDA also re-launched its www.investusvirginislands.com website with an [online USVI property listing for hotel and resort development](#). The USVIEDA also expanded its social media presence with the added platforms such as Facebook and Instagram; and participated in two conferences to attract hotel and business development. The USVIEDA also hosted its first Spin-off Event following the 2019 SelectUSA Investment Summit.

Other initiatives to drive economic success included financial support for our small-business community and reducing our lending program's small-business loan delinquency rates.

In FY 2019, through our Economic Development Bank (EDB) team and their partners, loan payments by EDB clients increased by 15 percent from payments in FY 2018. The EDB also engaged the USVI community to support small businesses for American Express Small Business Saturday (SBS) in which the USVIEDA continues to be a SBS Neighborhood Champion.

The U.S. Small Business Administration and the USVIEDA also entered into an agreement to help USVI small businesses by working together to inform these businesses about each organization's small-business resources. The USVIEDA also continued to be a champion for small businesses with a local initiative aimed to assist small manufacturers and elevate the USVI brand.

Through the USVIEDA's Enterprise Zone Commission and its partnership with the Virgin Islands Council on the Arts, the "Made in the USVI" Pop Up Shop was launched in FY 2019 in the USVI with at least 20 small manufacturers and artisans that produced locally-made products. Part of the trajectory for a continued drive for economic development in the USVI includes good leadership and partnerships.

This fiscal year, we welcomed three new board members: Kevin Rodriguez (Chairman), Gary Molloy (Vice Chairman) and Positive T. Nelson. Our USVIEDA team looks forward to working with these individuals - and newly-elected USVI Governor Albert Bryan, Jr., - all of whom have strong and diverse backgrounds in skillful leadership harnessed from their work within the public and private sectors.

Once again, I would like to thank the USVIEDA Board of Directors, management and staff; our public and private sector partners, our residents and the USVI business community for their dedication and contributions in making economic development a top priority for our Territory's sustainability and growth for future years to come.

Sincerely,

Wayne L. Biggs, Jr.



BOARD OF DIRECTORS

Kevin Rodriguez
Chairman
Deputy Chief of Staff,
Governor Albert Bryan Jr.
Governor's Staff representative



Gary Molloy
Vice Chairman
Commissioner
Virgin Islands Department of Labor



Haldane Davies, Ph.D.
Secretary
Vice President for Business Development
and Innovation at the University of the
Virgin Islands *(Representative from the
University of the Virgin Islands)*



José A. Penn, Board Member
Chief Financial Officer of Penns' Apartment
Rental, Inc.; Penns' Jeep Rental, Inc. and
Penns' Trucking Services, Inc.
(St. John Representative)



Philip Payne, Board Member
Owner and CEO of Dyer & Payne, Inc.
(St. Croix representative)



Positive T. Nelson, Board Member
Commissioner
Virgin Islands Department of Agriculture

USVIEDA MANAGEMENT TEAM

Kamal L. Latham
Chief Executive Officer¹

Wayne L. Biggs, Jr.
Assistant Chief Executive Officer²
Chief Operating Officer

Tracy Lynch Bhola, Esq.
General Counsel

Ernest Halliday
Chief Financial Officer

Margarita A. Benjamin
Managing Director
Economic Development

Claude S. M. Gerard
Director of Compliance
Economic Development Commission

Monique T. Samuel
Interim Director of Lending
Economic Development Bank

Nadine Marchena Kean
Managing Director
Enterprise Zone Commission

Mark Finch
Park Superintendent
Virgin Islands Economic Development Park Corporation

Shanell Petersen
Managing Director
Marketing & 2040 Vision

¹ Began his service as CEO of the USVIEDA on August 1, 2018.
² Served as Interim CEO of the USVIEDA from May 1, 2015 to July 31, 2018 and reverted back to his former position as Assistant CEO of the USVIEDA on August 1, 2018.

MISSION STATEMENT

*The U.S. Virgin Islands
Economic Development Authority
(USVIEDA) strives to be a customer
service-based organization that
creates positive/public private sector
partnerships for the enhancement of
economic growth and development by
meeting the challenges of the global
economy and serving the needs of the
business community while embracing
our unique cultural heritage and
preserving our pristine natural
environment.*





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OVERVIEW:

U.S.V.I. ECONOMIC DEVELOPMENT AUTHORITY

The U.S. Virgin Islands Economic Development Authority (USVIEDA) was created to "aid the Government in the performance of its duties to develop the economy of the Virgin Islands as a semi-autonomous government instrumentality on February 1, 2001 to assume, integrate and unify the functions of the Government Development Bank (GDB), the Economic Development Commission (EDC), the Industrial Park Development Corporation (IPDC), the Small Business Development Agency (SBDA), and the Enterprise Zone Commission (EZC) under one executive board in order to achieve maximum efficiency, streamline operations, and develop comprehensive programs to promote and enhance the economic development of the Territory."

In fiscal year 2014 through Virgin Islands legislation, the GDB and the SBDA were merged to create the Economic Development Bank (EDB) in which the SBDA exists under the EDB. The IPDC was also changed to the Virgin Islands Economic Development Park Corporation (EDPC). Legislation also included a commercial zone to be under the Enterprise Zone Commission. The Authority accomplishes its mission by 1) attracting multi-national investors to establish or relocate their businesses to the United States Virgin Islands, 2) providing financial

assistance through its lending arm, namely the Economic Development Bank, to emerging and established small to medium-sized businesses in the Territory, 3) offering space for lease to businesses at the economic development parks through the Virgin Islands Economic Development Park Corporation, and 4) assisting Virgin Islands residents and business owners with rehabilitating their properties located in blighted and distressed areas that were once vibrant economic centers of activity in the Territory.

The Authority is funded by the general fund based on a budget request from the Governor and the USVIEDA Board of Directors which must ultimately be approved by the Legislature of the Virgin Islands. The powers of the Authority are exercised in a seven-member board which consists of three (3) members that are appointed by the Governor from among heads of cabinet-level executive departments or agencies or from among the Governor's executive staff, three (3) members who are not employees of the Government of the United States Virgin Islands and are appointed by the Governor with the advice and consent of the Legislature, and one (1) member appointed from the board or executive staff of the Government Employees' Retirement System, the Virgin Islands Port Authority or the University of the Virgin Islands.

V.I. ECONOMIC DEVELOPMENT COMMISSION

The Virgin Islands Economic Development Commission (VIEDC) was created by Virgin Islands legislation and is charged with the promotion of the growth, development, and diversification of the economy in the United States Virgin Islands by 1) developing the human and economic resources of the Territory, 2) preserving job opportunities for residents of the U.S. Virgin Islands, and 3) promoting capital formation to support economic development in the Territory. The VIEDC consists of two entities, the Applications Division and the Compliance Division.

The Applications Division is the first point of contact for a business that seeks to apply for economic development benefits. Economic development benefits are "various tax exemptions and tax subsidies for which any person, member of a partnership, partnership or corporation" is granted according to Virgin Islands law. In exchange, businesses that receive economic development benefits are to create job opportunities and generate tax revenues in the U.S. Virgin Islands. The Applications Division also oversees the VIEDC Small Business Program and the VIEDC Eligible Suppliers Program. The Compliance Division ensures that companies receiving VIEDC tax incentives understand and comply with the terms of their certificates.



USVI Governor Albert Bryan Jr. (5th individual from the left wearing a blue tie), is joined by (left to right) prospective investor Jose ` Perez, USVIEDA CEO Kamal I. Latham, prospective investors Soyini Chan Shue, Carlos Walter, and Peter Irving; Governor's Deputy Chief of Staff Kevin Rodriguez; prospective investors Dan Javan, Felix Chevalier, Jim Russell, and Lawrence Moskowitz at the "Business Forum Luncheon" at Government House on St. Croix on Friday, June 14, 2019. This luncheon was part of a series of activities hosted by the USVIEDA during the "2019 U.S. Virgin Islands Investor Forum" on St. Thomas and St. Croix. This forum was a USVI spinoff event following the "2019 SelectUSA Investment Summit" held in Washington, D.C.

—Photo courtesy of Government House

APPLICATIONS RECEIVED

During FY 2019, the Virgin Islands Economic Development Commission ("VIEDC") received a total of 9 applications: 4 new, 2 extension/modifications, 1 extension, 1 modification and 1 transfer application.

The statistics show that the 9 applications received for VIEDC tax incentives represent potential future economic impact of a minimum of 174 jobs to be created/retained, \$7.6 million to be paid in wages, and over \$31.4 million to be made in capital investments. These Applicants also represent the potential for the U.S. Virgin Islands to realize approximately \$24.6 million in taxes over a five-year period.

TABLE 1: VIEDC Applications Received

NO.	COMPANY NAME	TYPE OF APPLICATION	CATEGORY	TYPE OF BUSINESS	STATUS AS OF 09/30/2019
1.	Neighborhood Establishment, LLC	New	III	Hotel/Guesthouse	Approved
2.	Flat Cay Management, LLC d/b/a Lindbergh Bay Hotel & Villas	Extension / Modification	III	Hotel/Guesthouse	Approved
3.	Davis Bay, LLC f/k/a Carambola Northwest, LLC	Transfer	III	Hotel Resort	Approved
4.	Sunset Cove Holdings, LLC	New	IV	Financial Service	Approved
5.	Auven Therapeutics Management, LLLP	Extension / Modification	IV	Financial Service	Approved
6.	Lovango Island Holdings, LLP	New	III	Hotel/Guesthouse	Tabled
7.	Westin St. John Hotel Company, Inc.	Modification	III	Hotel/Guesthouse	Approved
8.	Roncan Inc. d/b/a Sand Castle on the Beach	Extension	III	Hotel/Guesthouse	Pending
9.	Global Associates Management	New	IV	Small Business	Pending

The 4 new applicants represent approximately 45 jobs, over \$2.5 million in wages, approximately \$21.2 million in investments and \$95.5K in charitable contributions. Projected total taxes over a five-year period is approximately \$7.5 million.

APPLICATIONS PROCESSED

During FY 2019, VIEDC application matters were held at 7 public hearings of which presentations were made by 17 applicants as follows:

TABLE 2: VIEDC Public Hearing Cases

NO.	NAME OF APPLICANT	PUBLIC HEARING	DESCRIPTION	ISLAND
1.	Tropico Management, LP	10-16-2018	Business Management	St. Croix
2.	Rock City Brewery Company, LLC	12-04-2018	Manufacturer	St. Thomas
3.	Thriving Charities Advocates, LLC	12-04-2018	Designated Services Business	St. Thomas
4.	YHG Hotel, LLC	12-04-2018	Hotel	St. Thomas
5.	YHG USVI, LLC	12-04-2018	Marina	St. Thomas
6.	Island Roads Corporation	04-16-2019	Asphalt Manufacturer	St. Thomas
7.	Neighborhood Establishment, LLC	04-16-2019	Hotel/Guesthouse	St. Croix
8.	Davis Bay, LLC	05-15-2019	Hotel/Guesthouse	St. Croix
9.	Carambola Golf Club, LLC	06-11-2019	Golf Course	St. Croix
10.	Marriott Ownership Resort (St. Thomas), Inc.	06-11-2019	Hotel/Guesthouse	St. Thomas
11.	Sunset Cove Holdings, LLC	06-11-2019	Business Management	St. Thomas
12.	Westin St. John Hotel Company, Inc.	06-11-2019	Hotel/Guesthouse	St. John
13.	Auven Therapeutics Management, LLC	07-11-2019	Financial Service	St. Thomas
14.	Flat Cay Management, LLC d/b/a Lindbergh Bay Hotel & Villas, Inc.	07-11-2019	Hotel/Guesthouse	St. Thomas
15.	Harborside Corporation d/b/a Bolongo Bay Beach Resort	07-11-2019	Hotel/Guesthouse	St. Thomas
16.	Lawrence Moskowitz CLU, Ltd.	08-13-2019	Financial Service	St. Thomas
17.	Lovango Island Holdings, LLP	08-13-2019	Hotel/Guesthouse	St. Thomas

VIEDC DECISION MEETINGS:

During FY 2019, a total of 6 meetings were held and 21 cases were presented for decision, including 1 applicant under the Sustainable Tourism Through Arts-Based Revenue Streams (STARS) Act. Twenty applications were approved of which 2 included denial of increased percentage of incentives, and extended benefit. One application was tabled.

TABLE 3: VIEDC Decision Meeting Cases

No.	NAME OF APPLICANT	DECISION MEETING	TYPE OF APPLICATION	STATUS
1.	DiamondRock Frenchman's Owner, Inc.	11-08-2018	Hotel	1 Approved 2 Denied
2.	Plessen Healthcare, LLC	11-08-2018	Healthcare Facility	Approved
3.	Yusuf Drinking Water, Inc.	11-08-2018	Manufacturer	Approved
4.	Rock City Brewing Company, LLC	03-28-2019	Manufacturer	Approved
5.	Tropico Management, LP	03-28-2019	Business Management	Approved
6.	Thriving Charities Advocates, LLC	03-28-2019	Financial Services	Approved
7.	YHG Hotel, LLC	03-28-2019	Hotel / Guesthouse	Approved
8.	Yacht Haven USVI, LLC	03-28-2019	Marina Facility	Approved
9.	Silver Lines Films, Inc.	03-28-2019	Film Production –STARS	Approved
10.	Davis Bay, LLC	05-30-2019	Hotel/Guesthouse	Approved
11.	Neighborhood Establishment, LLC	07-30-2019	Hotel/Guesthouse	Approved
12.	Sunset Cove Holdings, LLC	07-30-2019	Business Management	Approved
13.	Carambola Golf Club, LLC	08-13-2019	Golf Course	Approved
14.	Island Roads Corporation	08-13-2019	Asphalt Manufacturer	Approved
15.	Marriott Ownership Resort	08-13-2019	Hotel/Guesthouse	1 Approved 2 Denied
16.	Auven Therapeutics Management, LLC	09-18-2019	Financial Service	Approved
17.	Flat Cay Management, LLC d/b/a Lindbergh Bay Hotel	09-18-2019	Hotel/Guesthouse	Approved
18.	Harborside Corporation d/b/a Bolongo Bay Beach Resort	09-18-2019	Hotel/Guesthouse	Approved
19.	Lawrence Moskowitz CLU, Ltd	09-18-2019	Financial Service	Approved
20.	Lovango Island Holdings, LLP	09-18-2019	Hotel/Guesthouse	Tabled
21.	Westin St. John Hotel Co., Inc.	09-18-2019	Hotel/Guesthouse	Approved

*No Governor Approval Required. ⁴

⁴ Pursuant to Act No. 8017 was overridden on December 21, 2017 which repealed Section § 717a. Action by the Governor and the Commission, removing the Governor's consideration on "New" applicants. Subsequently, Act No. 8056 was overridden on June 14, 2018 which required that all VIEDC applications no longer require the Governor's approval.

CERTIFICATES

During FY 2019, a total of 15 certificates: 8 extensions/modifications, 2 modifications, 5 new were executed. One Beneficiary withdrew its request to commence incentives, and the file was closed. The remaining 12 Beneficiaries' pending certificates were in various stages of the application process at the end of the fiscal year.

Based on the commitments made by the 28 Beneficiaries with certificates executed to date, the Territory will realize new and continued employment at a minimum of 945 full-time employees, and approximately \$134.6 million in capital investments, and \$1.3 million in charitable contributions annually. It is also estimated that the Territory will potentially generate direct taxes over a five-year period of more than \$29.8 million should the business operations materialize as projected.

TABLE 5: VIEDC Certificates of Benefits

NO.	COMPANY NAME	TYPE	STATUS
1.	Global MedChoices Group, LLC	New	02-28-2019
2.	Castle Medical Holding, Inc.	New	CLOSED ⁵
3.	Margaritaville Vacation Club by Wyndham	Extension/Modification	10-03-2018
4.	Cinnamon Bay Resort*	New	In Process
5.	Leatherback Brewing Company, LLC	New	10-03-2018
6.	Grapetree Shores, Inc. d/b/a Divi Carina Bay Resort*	Extension/Modification	05-15-2019
7.	Tramway Properties, Inc.	Extension/Modification	10-25-2018
8.	Coral World (V.I.), Inc.	Extension/Modification	10-31-2018
9.	IGY-AYH St. Thomas Holdings, LLC d/b/a American Yacht Harbor	Extension/Modification	11-05-2018
10.	Secret Harbour Beach Associates, LLLP	Extension/Modification	03-01-2019
11.	Alpine Group USVI, LLC	Modification	2-01-2019
12.	White Bay Global, Inc.	Modification	10-15-2018
13.	Liberty Medical Development, LLC	New (First Amended)	01-15-2019
14.	Tree Limin' Extreme, LLC	New	02-01-2019
15.	Sugar Bay Club & Resort Corp.*	Extension/Modification	04-16-2019
16.	Yusuf Drinking Water, Inc.*	New	In Process Pending election of benefits Transmitted to client for review
17.	Evolve USVI, LLC*	New	In Process
18.	Inner Circle Logistics, Inc.	New	In Process
19.	Heavy Materials, LLC	Modification	In Process Transmitted to Client for review

⁵ Closed due to internal business reasons, and the sole shareholder is unable to relocate to the U.S. Virgin Islands.

TABLE 5: VIEDC Certificates of Benefits, continued

NO.	COMPANY NAME	TYPE	STATUS
20.	Tropico Management, LP	Modification	In Process
21.	Plessen Healthcare, LLC	New	09-12-2019
22.	International Private Banking, LLC	New / IFSE	In Process
23.	Carambola ZipLine, LLC	New	In Process
24.	Davis Bay, LLC	Transfer	In Process
25.	YHG Hotel, LLC	New	In Process
26.	Yacht Haven USVI, LLC	Extension/Modification	9-19-2019
27.	Thriving Charity Advocates, LLC	New	In Process
28.	Rock City Brewing Company, LLC	New	In Process

FISCAL YEARS HISTORICAL DATA

PENDING APPLICATIONS	2018	2019
No. of Prior Applications pending Beginning of Fiscal Year	19	16
Current Year Applications Received	13	9
Applications Withdrawn	-1	0
Total Applications Pending	31	25
No. of Prior Applications Processed (Approved; -14, Denied-0)	13	14*
No. of Current Year Applications Processed (Approved -5 ; Denied -0)	2	5
Balance at end of year	16	6

Note: 14-VIEDC applicants 15 applications processed included 1 from STARS Act program.

TABLE 6: Economic Development Commission FY Historical Application Information

HISTORICAL APPLICATION INFORMATION	FY 2017	FY 2018	FY 2019 ⁶
No. of Apps Received	13	11	9
No. of Apps Approved	2	2	6
No. of Apps Tabled or Denied	1	0	1
No. of Apps Transfer to Research Technology Park	0	0	0
No. of Apps Pending	10	8	3
No. of Apps Withdrawn	0	1	0
Job Opportunities	571	570	337
Approx. Wages of Apps	\$20,425,708	\$20,607,701	\$15,698,239
Minimum Potential Investment of Apps.	\$24,689,910	\$222,305,105	\$89,038,465

6 4 new Applicants; 2 extension/modifications, 1 extension, 1 modification, 1 transfer of tax incentive benefits.

INQUIRIES FROM POTENTIAL INVESTORS

During FY 2019, the Application Unit responded to 48 inquiries for general information and/or request for information on the VIEDC Program. Meetings were held with 13 potential investors with strong interest in doing business within the Territory.

TABLE 7: VIEDC Business Inquiries

NO.	TYPE OF BUSINESS	LOCATION
1.	Boutique Hotel	St. Croix
2.	Dental Practice	St. Thomas & St. Croix
3.	Designated Business Service (Back office)	Atlanta
4.	Venture Capital	Arizona
5.	Contractor	Connecticut
6.	Air Transportation	St. Croix
7.	Data Analytics	St. Croix
8.	Hotel	St. Croix
9.	Financial Risk Management	Costa Rica
10.	Manufacturer	Maryland
11.	Renewable Energy Products	New Jersey
12.	Hotel	Ohio
13.	Construction	Anguilla
14.	Boutique Hotel	St. Croix
15.	Hotel	St. Croix
16.	World Pay Processing Business	St. Croix
17.	Cannibas Resort	St. Croix
18.	Natural Gas Distributor	St. Croix
19.	Manufacturer	Georgia

NO.	TYPE OF BUSINESS	LOCATION
20.	Academy Fueling	California
21.	Restaurant	New York
22.	Financial Services	Cayman Islands
23.	Contractor	St. Thomas
24.	Brewery	USVI
25.	IT Financial Company	Pennsylvania
26.	Tax & Consulting Services	New York
27.	Laboratory	Boston
28.	Real Estate	Texas
29.	IT Services	Kansas City
30.	Coding/IT Services	Puerto Rico
31.	Jet Fuel Supplier	Alabama
32.	Manufacturing (Energy Products)	St. Thomas
33.	Financial Services	Florida
34.	Ophthalmology	Tennessee
35.	Foreign Investment	Connecticut
36.	Financial Services	Texas
37.	Security and Private Client Protection	New York
38.	Investment Services	Canada
39.	Insurance Products	USA

TABLE 7: VIEDC Business Inquiries, *continued*

NO.	TYPE OF BUSINESS	LOCATION
40.	Amusement Park	St. Thomas
41.	Caribbean Solar Company	St. John
42.	HOM Property Management & Vacation Rentals	St. Croix
43.	Haugland Energy	St. Croix
44.	Financial Services	St. Croix
45.	Restaurant	California
46.	Shutters	Florida
47.	Rentals	St. Thomas
48.	Rentals	St. Thomas

ELIGIBLE VI SUPPLIER PROGRAM

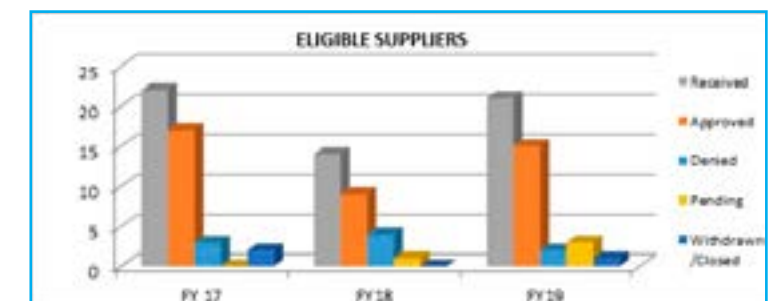
For the FY 2019, a total of 21 Eligible VI Supplier applications were received of which 15 were approved, two (2) denied, one (1) closed, and three (3) were pending at the end of the year.

TABLE 8: EDC Eligible VI Suppliers

NO.	DATE RECEIVED	NAME OF COMPANY	BUSINESS LOCATION	STATUS
1.	10-3-2018	St. John Plumbing, Inc.	St. John	Approved 10-23-2018
2.	11-7-2018	O'Reilly Plumbing & Construction, Inc.	St. Croix	Approved 11-27-2018
3.	11-30-2018	Virgin Islands Asphalt Products Corporation	St. Croix	Approved 12-14-2018
4.	1-2-2019	Petroleum Brokers, LLC	St. Thomas	Approved 1-10-2019
5.	1-10-2019	Kind Breeze, LLC dba Green Banana VI	St. Thomas	Closed 5-9-2019
6.	1-22-2019	Stedman, Dana dba Jaydee's Prof. Window Cleaning & Powerwashing	St. Thomas	Approved 1-29-2019

NO.	DATE RECEIVED	NAME OF COMPANY	BUSINESS LOCATION	STATUS
7.	1-23-2019	Rodney & Associates, LLC	St. Croix	Approved 1-29-2019
8.	1-30-2019	Calidad Construction & Maintenance, LLC	St. Croix	Approved 3-29-2019
9.	1-31-2019	Knight Business Center, Inc. dba Insurance Shop	St. Thomas	Approved 02-04-2019
10.	2-11-2019	Clever Maniacs, LLC	St. Croix	Pending
11.	2-11-2019	Cruzan Group, LLC dba Ay Ay Palace, Total Builders & Paradise Recycling	St. Croix	Pending
12.	3-13-2019	LEBG, LLC	St. Thomas	Approved 3-19-2019
13.	5-8-2019	Just Elevate, LLC	St. Thomas	Denied 5-9-2019
14.	5-8-2019	Melvin Jeffers dba Solid Construction Company	St. Croix	Approved 9-20-2019
15.	6-11-2019	LPI Consultants, LLC	St. Thomas	Approved 9-13-2019
16.	7-30-2019	Optimal Construction Management, LLC	St. Thomas	Approved 9-18-2019
17.	8-2-2019	Jason P. Meade, Sr. dba Meade's A/C Maintenance	St. Thomas	Approved 9-3-2019
18.	8-5-2019	Donald Pogue dba Island Mechanical	St. Croix	Pending 9-11-2019
19.	8-7-2019	Pulse Technology Solutions of the Islands, LLC	St. Thomas	Denied 9-4-2019
20.	8-27-2019	S.G.F. Construction	St. Thomas	Approved 9-3-2019
21.	8-27-2019	First Phase Datacomm, LLC	St. John	Approved 9-3-2019

ELIGIBLE SUPPLIERS APPLICATIONS	FY 2017	FY 2018	FY 2019
Received	22	14	21
Approved	17	9	15
Denied	3	4	2
Pending	0	1	3
Withdrawn/Closed	2	0	1



COMMUNITY OUTREACH PROGRAMS, INFORMATIONAL AND OTHER MARKETING INITIATIVES:

During the fiscal year to date, the VIEDC participated at the following:

- **Markets Group - Private Wealth Latin America & Caribbean Forum** - Miami, Florida – October 15-18, 2018: Margarita A. Benjamin, Director of Applications and Shanell Petersen, Marketing Director, attended this forum and met with leaders of family offices, wealth managers, RIAs, private banks and asset from Latin American and Caribbean region.
- **White House Briefing Calls:** Participated in discussions on Opportunity Zones on October 19, 2019
- **Inter-agency Presentation:** Managing Director assisted in the coordination of the inter-agency presentation by Water Island Development Company proposed resort development project on Water Island held at the University of the Virgin Islands on February 28, 2019.
- **High Net Worth Investor Meeting:** Economic Development Managing Director Benjamin and US-VIEDA CEO Kamal Latham attended investor meeting with Steve Pagliuca, private equity investor of Bain Capital and Co-owner of Boston Celtics; also met with Entercom regarding potential marketing campaign.
- **University of Illinois at Urbana-Champaign** Managing Director Benjamin assisted and presented along with other team members of EZC and EDB to a group of undergraduate students on a business-themed university trip to the USVI and British Virgin Islands. Mr. Michael P. Donohoe, Accountancy Professor, accompanied the group on March 19, 2019.
- **Eligible VI Supplier Program Presentation:** Participated in the Virgin Islands Small Business Development Center Small Business Week, May 5 - 11, 2019, by presenting at seminar on Eligible VI Supplier Program on May 10, 2019.
- **Managing Director Margarita Benjamin and staff participated and attended along with other US-VIEDA staff members the following marketing events:**
 - The Houston Family Office and High Net Worth Annual Conference”, Houston, Texas: May 15 – 17, 2019.
 - 2019 Caribbean Hotel and Resort Investment Summit (CHRIS) Conference at Loews Miami Beach Hotel, Miami, FL: Monday, May 20, 2019 through Friday, May 24, 2019;
 - 2019 SelectUSA Summit, Washington, DC: June 10-12, 2019
- **USVI EDA’s 2019 Investor Forum:** - Assisted in the planning and execution of the spin off event from the SelectUSA Summit June 13-15, 2019

- **“Business Model Canvas Workshop”:** Hosted and presented this workshop designed for entrepreneurs and business owners who want to evaluate, expand or create a business on St. Thomas on October 22, 2019 at the VI SBDC Training Facility at Nisky Center and on St. Croix on October 24, 2019 at the UVI Cooperative Extension Service (CES) Room 133, Albert A. Sheen Campus.



USVIEDA CEO Kamal Latham shares information about USVIEDA programs and services at the USVI Charter Yacht Show on November 14, 2018.

- Photo by Phil Blake/Virgin Islands Professional Charter Association

VIEDC Online Application Platform

Staff members continued to work on the development of the VIEDC Online Electronic Application with representatives from WizeHive and other stakeholders. Staff participated in demo presentations with the vendor, developed an online portal with consultants, and presented the platform to the USVIEDA Board and VIEDC practitioners for feedback. The online application will be launched at a later date.

OTHER ACTIVITIES:

- **Excise Tax Manufacturer WebEx Seminar:** VIEDC Application and Compliance staff participated in the seminar on January 16, 2019.
- **Legislative Hearing before the Committee on Economic Development, Regulation and Agriculture:** Managing Director attended the on March 11, 2019 on St. Croix, USVI;
- **VIEDC Board Orientation:** Managing Director made presentation on the Economic Development Program at the on March 15, 2019.
- **Meetings:** Managing Director participated in several meetings regarding proposed amendments to Hotel Development Program, Tax Increment Financing (TIF) and STARS Act legislations.



V.I. ECONOMIC DEVELOPMENT COMMISSION

COMPLIANCE DIVISION

VIEDC Compliance Report

The purpose of the VIEDC Compliance Division is to promote compliance with the economic development program law, rules and regulations, and the beneficiary's certificate of benefits. This entity provides two services: 1) audit (assurance services) and 2) compliance (ethics) which supports the vision of making compliance under this program commonplace.

The Compliance Division monitors beneficiaries (business applicants that are approved to participate in the VIEDC Tax Incentive Program) to ensure that they comply with the terms and conditions of their certificates and other requirements of the law. In this context, certificates are contracts a business has with the Virgin Islands government as a participant of the VIEDC Tax Incentive Program.

The VIEDC Compliance Division ensures the integrity of the VIEDC Tax Incentive Program through a compliance review process and reports its findings to the VIEDC board. Funds derived from any assessed penalties for non-compliance with program requirements by a beneficiary may be used to support education, workforce development, and training programs within the territory. The integrity of the VIEDC Tax Incentive Program is of great value and importance, more so as we continue to serve in the best interest of the U.S. Virgin Islands, its residents and business community.

Through the work of VIEDC Compliance Division staff, the activities of beneficiaries under the VIEDC Tax Incentive Program are not only monitored to help ensure our beneficiaries comply with the requirements of this program, but it is an opportunity to build relationships with our beneficiaries who are considered to be our partners for economic development within our territory.

This report reflects the activities of the Virgin Islands Economic Development Commission Compliance Division during FY2019. During this period, there were 70 beneficiaries of which 64 were actively conducting business and six tax incentive certificates were on suspension.

Crown Bay Cargo Port
- Photo courtesy of the Virgin Islands Port Authority

COMPLIANCE REVIEWS:

The Division of Compliance completed 10 compliance reports within FY2019: 6 in the St. Thomas-St. John District, and 4 in the St. Croix District.

NO.	BENEFICIARY	COMPLIANCE PERIOD	FINDINGS	DATE COMPLETED	ISLAND
1.	Southern Trust Company, Inc.	2/1/2013-12/31/2017	Full-Compliance	11/15/2018	St. Thomas
2.	Pelican Cove Investments, LLC	1/1/2016-6/30/2017	Non-Compliance	11/19/2018	St. Croix
3.	Grapetree Shores, Inc. d/b/a Divi Carina Bay Resort	1/1/2015-12/31/2016	Non-Compliance	11/30/2018	St. Croix
4.	Cane Bay Partners VI, LLLP	01/01/2012-12/31/2015	Non-Compliance	12/20/2018	St. Croix
5.	Emerald Beach Corporation	07/01/2012-6/30/2013	Non-Compliance	12/28/2018	St. Thomas
6.	Emerald Beach Corporation	07/01/2013-6/30/2016	Non-Compliance	12/28/2018	St. Thomas
7.	Bellicose VI, LLC	01/01/2013-12/31/2015	Non-Compliance	1/11/2019	St. Thomas
8.	Carambola Northwest, LLC	08/01/2015-12/31/2017	Non-Compliance	4/15/2019	St. Croix
9.	Auven Therapeutics Management, LLLP	01/01/2014-12/31/2017	Full-Compliance	4/12/2019	St. Thomas
10.	United Electronic Industries Services, LLC	1/1/2014-12/31/2017	Non-Compliance	9/10/2019	St. Thomas

CERTIFICATES EXECUTED:

During FY2019 14 executed Certificates were transmitted to the Compliance Unit: 10 Certificates were executed for Beneficiaries located in the St. Thomas-St. John District, and 4 in the St. Croix District.

NO.	BENEFICIARY	TYPE OF CERTIFICATE	CERTIFICATE EXECUTED	ISLAND
1.	Leatherback Brewing Company, Inc.	New	10/3/2018	St. Croix
2.	Margaritaville Vacation Club By Wyndham, Inc.	Extended/Modified	10/3/2018	St. Thomas
3.	White Bay Global, Inc.	Modified	10/15/2018	St. Thomas
4.	Tramway Properties, Inc.	Second Extended	10/25/2018	St. Thomas
5.	Tramway Properties, Inc.	First Modified	10/25/2018	St. Thomas
6.	IGY-AYH ST. Thomas Holdings, LLC d/b/a American Yacht Harbor	Second Extended and First Modified	11/5/2018	St. Thomas
7.	Coral World (V.I.), Inc.	Fifth Extended and First Modified	10/31/2018	St. Thomas
8.	Liberty Medical Development, LLC	New	1/15/2019	St. Croix
9.	Tree Limin' Extreme, LLC	New	2/1/2019	St. Thomas
10.	Alpine Group USVI, LLC	First Modified	2/1/2019	St. Thomas
11.	Global Medchoices Group, LLC	New	2/28/2019	St. Thomas
12.	Secret Harbour Beach Associates, LLLP	Modified	3/1/2019	St. Thomas
13.	Grapetree Shores, Inc. d/b/a Divi Carina Bay Resort	Second Extended and First Modified	5/15/2019	St. Croix
14.	Plessen Healthcare, LLC	New	9/12/2019	St. Croix

CERTIFICATE ORIENTATIONS:

During FY2019, 16 Compliance Orientations were conducted: 13 orientations were conducted in the St. Thomas-St. John District, and 3 in the St. Croix District.

NO.	BENEFICIARY	ORIENTATION DATE	ISLAND
1.	Tramway Properties, Inc.	11/9/2018	St. Thomas
2.	Tramway Properties, Inc.	11/9/2018	St. Thomas
3.	White Bay Global, Inc.	11/13/2018	St. Thomas
4.	Leatherback Brewing Company, Inc.	11/16/2018	St. Croix
5.	RC Hotels (Virgin Islands), Inc.	12/6/2018	St. Thomas
6.	Coral World (V.I.), Inc.	12/12/2018	St. Thomas
7.	Air Ambulance Caribbean, Inc. d/b/a AeroMD	12/14/2018	St. Thomas
8.	Westin St. John Hotel Company, Inc. and its wholly owned subsidiaries WVC St. John and Westin Vacation Mangement Company	10/29/2018	St. John
9.	Westin St. John Hotel Company, Inc. and its wholly owned subsidiaries WVC St. John and Westin Vacation Mangement Company	10/29/2018	St. John
10.	Liberty Medical Development, LLC	1/16/2019	St. Croix
11.	IGY-AYH ST. Thomas Holdings, LLC d/b/a American Yacht Harbor	2/1/2019	St. Thomas
12.	Tree Limin' Extreme, LLC	3/20/2019	St. Thomas
13.	Margaritaville Vacation Club By Wyndham, Inc.	5/29/2019	St. Thomas
14.	Secret Harbour Beach Associates, LLLP	5/30/2019	St. Thomas
15.	Alpine Group USVI, LLC	6/13/2019	St. Thomas
16.	Grapetree Shores, Inc. d/b/a Divi Carina Bay Resort	8/22/2019	St. Croix



Samuel Hugli, Westin's General Manager, (center), talks with Kamal I. Latham, USVIEDA chief executive officer, and Claude S.M. Gerard, VIEDC director of compliance, at the Westin St. John dock on October 29, 2018 during a site visit of the hotel.
- Photograph taken by Sandra Bess/USVIEDA

SITE VISITS:

During FY2019, 4 site visits were conducted: 2 sites visits were conducted in the St. Thomas-St. John District, and 2 in the St. Croix District.

NO.	BENEFICIARY	SITE VISIT	ISLAND
1.	United Electronic Industries Services, LLC	6/18/2019	St. Thomas
2.	Neltjeberg Bay Enterprises, LLC	6/14/2019	St. Thomas
3.	Territory East Asset Management, LLC	5/24/2019	St. Croix
4.	Caribbean Reservations, Inc.	4/29/2019	St. Croix

BOARD ACTIONS - PUBLIC HEARING:

During FY2019, 14 petitions were heard at public hearing to the VIEDC Governing Board for deliberation: 10 in the St. Thomas-St. John District, and 4 in the St. Croix District.

NO.	BENEFICIARY	TYPE OF PETITION	BOARD MEETING DATE	ISLAND
1.	Yacht Haven USVI, LLC	Show Cause Hearing	10/16/2018	St. Thomas
2.	St. Thomas Healthcare Management, Inc.	Show Cause Hearing	10/16/2018	St. Thomas
3.	Westin St. John Hotel Company, Inc.	Waiver of Full-Time Employment/ Standard Conditions/Charitable Contributions	10/16/2018	St. John
4.	DiamondRock Frenchman's Owner, Inc.d/b/a Frenchman's Reef and Morning Star Marriott Beach Resort	Charitable Contribution	12/4/2018	St. Thomas
5.	Inner Circle Logistics, Inc.	Show Cause Hearing	12/4/2018	St. Croix
6.	Harborside Corporation d/b/a Bolongo Bay Beach Resort	Extension of Full-Time Employment Waiver	4/25/2019	St. Thomas
7.	RC Hotels (Virgin Islands), Inc.	Extension of Full-Time Employment Waiver	4/25/2019	St. Thomas
8.	Carambola Northwest, LLC	Extension of Full-Time Employment Waiver	5/15/2019	St. Croix
9.	183 Media, LLC	Extension of Full-Time Employment Waiver	6/11/2019	St. Thomas
10.	International Capital and Management Company, LLC.	Full-Time Employment Waiver	6/11/2019	St. Thomas
11.	Sunshine Shopping Center, Inc.	Full-Time Employment Waiver	6/11/2019	St. Croix
12.	Tuthill Corporation	Full-Time Employment Waiver	6/11/2019	St. Thomas
13.	Air Ambulance Caribbean, Inc. d/b/a AeroMD	Full-Time Employment/80% Residency Requirement Waivers	7/11/2019	St. Thomas
14.	U.S. Viking, LLC	Full-Time Employment Waiver	7/11/2019	St. Croix

BOARD ACTIONS – DECISION MEETING:

During FY2019, 40 petitions/reports were prepared for presentation to the VIEDC Governing Board for deliberation: 25 in the St. Thomas-St. John District, and 15 in the St. Croix District.

NO.	BENEFICIARY	BOARD TYPE OF PETITION	BOARD MEETING DATE	ISLAND
1.	183 Media, LLC	Full-Time Employment Waiver	10/16/2018 ⁷	St. Thomas
2.	Concordia Campgrounds, Inc.	Resolution of Non-Compliance	10/16/2018*	St. John
3.	DIAM Management, Inc.	Resolution of Non-Compliance	10/16/2018*	St. Croix
4.	Grapetree Shores, Inc.	Full-Time Employment Waiver	10/16/2018*	St. Croix
5.	Impact Technologies VI, Inc.	Full-Time Employment/Special Condition Waivers	10/16/2018*	St. Thomas
6.	JH Capital VI, Inc.	Suspension of Incentives/Special Condition Waiver	10/16/2018*	St. Thomas
7.	Marriott Ownership Resort (St. Thomas), Inc.	Resolution of Non-Compliance	10/16/2018	St. Thomas
8.	Spartan Products, LLC	Resolution of Non-Compliance	10/16/2018	St. Croix
9.	Westin St. John Hotel Company, Inc.	Reconsideration of Fines Assessed	10/16/2018	St. John
10.	Westin St. John Hotel Company, Inc.	Full-Time Employment/Special Conditions Waiver	11/8/2018	St. John
11.	Atlantic Industries, Inc.	Resolution of Non-Compliance	12/13/2018	St. Croix
12.	DiamondRock Frenchman's Owner, Inc. d/b/a Frenchman's Reef and Morning Star Marriott Beach Resort	Charitable Contribution Waiver	12/13/2018	St. Thomas
13.	Dun-Run Holdings, LLC	Resolution of Non-Compliance	12/13/2018	St. Thomas
14.	Harborside Corporation d/b/a Bolongo Bay Beach Resort	Resolution of Non-Compliance	12/13/2018	St. Thomas
15.	Inner Circle Logistics, Inc.	Show Cause Resolution	3/28/2019	St. Croix
16.	Bellicose VI, LLC	Voluntary Termination of Incentives	4/25/2019	St. Thomas

⁷ The October 16, 2018 Decision Meeting was a continuation of the September 20, 2018 Decision Meeting.

NO.	BENEFICIARY	BOARD TYPE OF PETITION	BOARD MEETING DATE	ISLAND
17.	DiamondRock Frenchman's Owner, Inc. d/b/a Frenchman's Reef and Morning Star Marriott Beach Resort	Charitable Contribution Waiver	4/25/2019	St. Thomas
18.	Emerald Beach Corporation	Resolution of Non-Compliance	4/25/2019	St. Thomas
19.	Harborside Corporation d/b/a Bolongo Bay Beach Resort	Extension of Full-Time Employment Waiver	4/25/2019	St. Thomas
20.	RC Hotels (Virgin Islands), Inc.	Extension of Full-Time Employment Waiver	4/25/2019	St. Thomas
21.	Tuthill Corporation	Extension of Time to meet Charitable Contributions	4/25/2019	St. Croix
22.	Heavy Materials, LLC	Resolution of Non-Compliance	4/25/2019	St. Thomas
23.	Carambola Northwest, LLC	Resolution of Non-Compliance	5/15/2019	St. Croix
24.	Carambola Northwest, LLC	Extension of Full-Time Employment/ Additional Waiver Request	5/15/2019	St. Croix
25.	Caribbean Reservations, Inc.	Resolution of Non-Compliance	5/15/2019	St. Croix
26.	Galtere, Inc.	Resolution of Non-Compliance	5/15/2019	St. Thomas
27.	Galtere, Inc.	Suspension of Incentives	5/15/2019	St. Thomas
28.	183 Media, LLC	Extension of Full-Time Employment Waiver	6/27/2019	St. Thomas
29.	International Capital and Management Company, LLC	Full-Time Employment Waiver	6/27/2019	St. Thomas
30.	Sunshine Shopping Center, Inc.	Full-Time Employment Waiver	6/27/2019	St. Croix
31.	Tuthill Corporation	Full-Time Employment Waiver	6/27/2019	St. Croix
32.	International Capital and Management Company, LLC	Special Condition Waiver	8/6/2019	St. Thomas
33.	Territory East Asset Management, LLC	Internship Requirement Waiver	8/6/2019	St. Croix

NO.	BENEFICIARY	BOARD TYPE OF PETITION	BOARD MEETING DATE	ISLAND
34.	U.S. Viking, LLC	Full-Time Employment Waiver	8/6/2019	St. Croix
35.	Air Ambulance Caribbean, Inc. d/b/a AeroMD	Full-Time Employment/80% Residency/Charitable Contribution Waivers	9/18/2019	St. Thomas
36.	Air Ambulance Caribbean, Inc. d/b/a AeroMD	Extension of Time to Meet Special Condition No. 9	9/18/2019	St. Thomas
37.	Caribbean Reservations, Inc.	Reconsideration and Modification of Board Decision	9/18/2019	St. Croix
38.	Emerald Beach Corporation	Reconsideration of Board Decision	9/18/2019	St. Thomas
39.	Impact Technologies VI, Inc.	Waiver of Penalties	9/18/2019	St. Thomas
40.	Pelican Cove Investments, LLC	Resolution of Non-Compliance/ Voluntary Termination of Incentives	9/18/2019	St. Croix

Decision meeting of November 8, 2018 was continued on November 26, 2018; May 15, 2019 continued on May 30, 2019; June 27, 2019 continued on July 30, 2019 then continued on August 6, 2019; July 11, 2019 continued on July 30, 2019 then rescheduled to August 6, 2019; August 29, 2019 rescheduled to September 12, 2019 then rescheduled to September 18, 2019.

VIEDC Division of Compliance Collections:

In FY2019, a total of \$1,092,109.86 in fees and fines was invoiced to VIEDC Beneficiaries and the Division of Compliance collected fees and fines in the total amount of \$1,054,446.46.

NO.	ACCOUNTS	FEES INVOICED/BILLED	COLLECTION
1.	Activation Fees	\$51,000.00	\$50,000.00
2.	Annual Compliance Fees	\$485,000.00	\$486,000.00
3.	Non-Compliance Fees	\$538,352.30	\$503,037.66
4.	Late Reporting Fees	\$17,757.56	\$15,408.80
	TOTALS	\$ 1,092,109.86	\$ 1,054,446.46

ECONOMIC DEVELOPMENT PARK CORPORATION

The Virgin Islands Economic Development Park Corporation (“EDPC”), formerly known as the Industrial Park Development Corporation (“IPDC”), is chartered as a public corporation to acquire and operate industrial parks in the U.S. Virgin Islands and to complement the activities of the Virgin Islands Economic Development Authority (“USVIEDA”).

Presently, two industrial parks fall under the auspices of the EDPC, the William D. Roebuck Industrial Park on St. Croix and the Virgin Islands Industrial Park on St. Thomas. The EDPC is solely funded by rental income generated from the tenants of the industrial parks.

The **WILLIAM D. ROEBUCK INDUSTRIAL PARK**, located on St. Croix between the historic towns of Christiansted and Frederiksted, is the larger of the two individual parks. Situated on approximately 24 acres of property owned by the Virgin Islands Port Authority, this park consists of four (4) adjacent buildings totaling 146,680 square feet of commercial space.

As of the end of Fiscal Year FY2019, 88 percent of the industrial park is occupied by various public and private entities. An additional 2,000 square feet of space is in lease negotiations. Three (3) tenants are beneficiaries of the Virgin Islands Economic Development Program that is administered in the Virgin Islands by the Economic Development Commission: Ocwen USVI Services LLC, Gold Coast Yachts Inc., and Leatherback Brewing Company LLC. Three (3) are Virgin Islands government agencies, the Virgin Islands Next Generation Network (ViNGN), the Virgin Islands Bureau of Corrections, and the Virgin Islands Department of Sports Parks and

Recreation, and one (1) is a federal agency, the United States Federal Emergency Management Agency (FEMA). There are also two other businesses occupying space: Tropical Shipping and Construction Company Ltd. and Farmpod LLC. Additionally, the Economic Development Bank of the U.S. Virgin Islands Business Incubator and EDPC offices are located within the park.

We are excited about the level of interest many different companies have shown in leasing the remaining space at this park.

Upcoming Projects. We are also excited about upcoming capital improvement projects for the park on St. Croix, such as the Building No.1 and Building No. 3 Parking Lot Paving Projects, the Park Entrance Renovation, and the Park Energy Retrofit Project.

The **VIRGIN ISLANDS INDUSTRIAL PARK** on St. Thomas, which consists of 20,000 square feet of commercial space, is located on a hillside just outside the bustling town of Charlotte Amalie and in the vicinity towards the Cyril E. King Airport. At the end of FY 2019, 75 percent of the total commercial space at the park remains occupied by four (4) businesses: Alliance Data Services LLC, United Electronics Industrial Services LLC, B. D. Specialty Inc. dba Billy D’s Special Tees, and Glass 2000 Inc. The remaining 5,000 square feet of space is in lease negotiations.

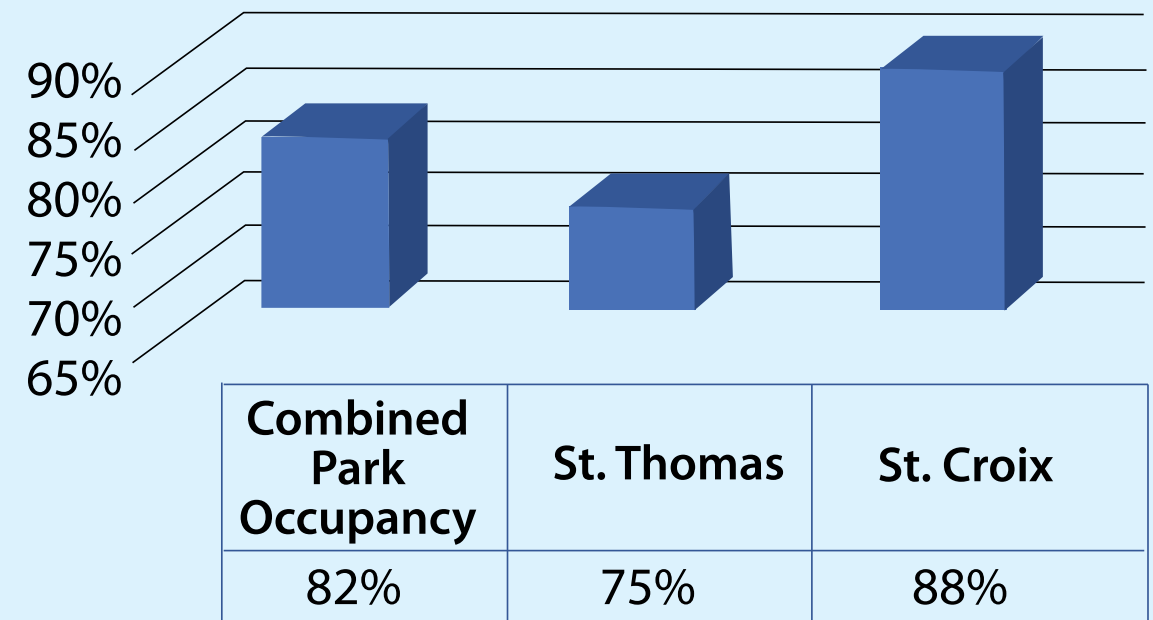
Upcoming Projects. We are excited about upcoming capital improvement projects for the park on St. Thomas, such as the Park Landscaping Beautification Project and the Park Entrance Renovation Project.

The EDPC also owns the historic **FLEMING BUILDING** located at No. 4 King Street in Frederiksted that houses the USVIEDA’s offices on St. Croix and one tenant. SunBug LLC dba Gecko Tours. This building was purchased in 2002.

With the destruction caused by two Category 5 hurricanes to the Territory in the latter half of FY2017, the EDPC is faced with many challenges after sustaining damages to all its park’s facilities in September 2017, the last month of the Territory’s fiscal year. With the assistance of insurance proceeds and FEMA Public Assistance funds, the EDPC is looking forward to accessing these funds to make necessary repairs, renovations and improvements to modernize all the park facilities, as well as, “hardening” the park structures to make them more hurricane resistant.

Economic Development Park Corporation

Occupancy Rates as of September 30, 2019



ECONOMIC DEVELOPMENT BANK

The Economic Development Bank (EDB), an entity of the Virgin Islands Economic Development Authority (USVIEDA), serves to provide loans and offer technical and managerial assistance to small, local businesses to enhance employment opportunities and economic growth. The assistance is provided to small-business owners in conjunction with the Virgin Islands Small Business Development Center (VISBDC) which provides business counseling, coaching and instructions on how to prepare business plans.

Loan Payments

In fiscal year FY2019, loan payments totaled \$649,665 which is a 15 percent increase over the amount of \$550,086.82 in FY2018. The improvement in collections is due to increased collection efforts and the timely management and monitoring of the loan portfolio with access to Portfol (a specialized software to track and administer each loan in real time), collection agencies, and legal counsel.

Loan Delinquencies

The delinquency rate is 1.9 percent when compared to 24.5 percent in 2018. The EDB staff continues to aggressively collect on delinquent loans with the strong support of external legal counsel and collection agencies.

Loan Transactions

As of September 30, 2019, loan transactions total \$2,526,707 compared to zero in FY2018. Of this amount, one (1) loan for an amount of \$500,000 was declined due to the principals not meeting the eligibility criteria as set forth by the loan program.

In FY2019, 160 inquiries (65 in the district of St. Croix and 95 in the district of St. Thomas-St. John) were received from potential and existing business owners regarding financing. The majority of the inquiries received were referred to the business' bank (as the EDB is a lender of last resort), or to the VISBDC to assist these small-business owners with preparing their business plan.

State Small Business Credit Initiative (SSBCI) Guarantee Program

On September 27, 2010, President Barack Obama signed into law the Small Business Jobs Act of 2010 to help increase the availability of credit for small businesses. This Act created the State Small Business Credit Initiative (SSBCI) and appropriated \$1.5 billion dollars to be used by the U.S. Department of the Treasury ("The Treasury") to provide direct support to states for use in programs designed to increase access to credit for small businesses and small manufacturers. Pursuant to the Act, the Treasury allocated funds to 47 states along with its territories and the District of Columbia.

Based on the allocation agreement dated October 4, 2011, the U.S. Virgin Islands was awarded \$13,168,350, as a participating state, administered by the EDB. These funds were disbursed in three (3) increments as follows: \$4,345,556 (33 percent); \$4,345,555 (33 percent) and \$4,477,239 (34 percent).

Based on the economic needs of the territory, three (3) specific loan programs were selected: Collateral Support Program; Credit Guarantee Program; and the Payment, Surety, and Performance Bond Program. A fourth disbursement of \$59,561 was received in January 2017. This amount represented the U.S. Virgin Islands' apportioned allotment of residual funds from states and/or territories. This was a result of timely reporting and usage of funds by the EDB. Participating banks include Merchants Commercial Bank, First Bank Puerto Rico, Bank of Nova Scotia, and Banco Popular de Puerto Rico.

As of September 30, 2019, the USVIEDA approved 43 loans to the participating banks for a total SSBCI guarantee support of \$12,162,192 of which a total amount of \$11,288,597 has been committed and/or expended. The difference of \$873,595 represents requests which were withdrawn after approval. The additional five (5) loans during this fiscal year totaled \$1,061,900.

The financing using the committed and/or expended funds \$11,288,597 has the potential to create 220 jobs and retain 477 jobs. The jobs represent a broad cross-sector of industry types, and the core of the U.S. Virgin Islands economy, to include, health, tourism, hospitality, gasoline stations with mini-marts, construction, and retail. Participating banks in turn approved approximately \$29,530,539.75 to businesses in the territory. This program has been successful to date as it allows for increased revenues to the territory's local treasury from taxes and increased economic activity.

An amount of \$1,870,964 remains available for the participating lenders to use. Currently, there are three requests in the pipeline totaling \$1,350,000.

Sun Power Energy Loan Program Phase II – Virgin Islands Energy Office, as partner

During FY 2019, ongoing discussions regarding Phase II implementation were held and processes were being developed.

There are 306 loans remaining when compared to 384 (out of 818) with a balance of \$91,231 to be paid off from Phase I when compared to \$122,861 in FY2018.

Other Economic Development Activities during FY 2019:

- Participated in International Economic Development Council Annual Conference
- Participated in Opportunity Zone meetings
- Staff training conducted in Portfol and Lorman software platforms
- Ongoing visits to small businesses within the community (St. Croix, St. Thomas, and St. John)
- Participation in the St. Croix Agricultural Fair
- Conducted presentations with the VISBDC, the U.S. Small Business Administration, and the Minority Business Development Association (MBDA) in an effort to maintain and increase public awareness about the EDB's program and services
- Attended presentations held by the VISBDC, U.S. SBA, Research and Technology Park (RTPark), the U.S. Department of Agriculture (USDA), or other private organizations within the community.



Shanell Petersen, Managing Director of Marketing and 2040 Vision, USVIEDA (far left); Denise C. Donadelle, Loan/Collection Officer, Economic Development Bank; Charlene Gerard Joseph, loan assistant, EDB; Shatima Charleswell, loan assistant, EDB; assemble Shop Small bags at the USVIEDA St. Thomas office to prepare for distribution to local small businesses on Small Business Saturday on November 21, 2018.
 -Photograph taken by Semele A. C. George/USVIEDA

Incubator Program

Overview

The Incubator Program is designed to help new and start-up businesses develop into full-fledged businesses by providing management training and other assistance enabling these businesses to grow and contribute to the economic development of the Territory. The program employs technical assistance tools such as one-on-one counseling, workshops, and seminars and collaborative relationships with economic development partners, such as the VI Small Business Development Center, to engage, support, and assist entrepreneurs to develop sustainable businesses within the Territory.

In FY 2019, the Incubator Program was awarded a \$50,000 grant from the USDA – Rural Business Development Program to purchase a generator for its space at the William D. Roebuck Industrial Park. This will ensure that services continue even during emergency situations.

This Incubator Program also plans to expand its services by creating a food incubator on St. Croix. The Food Incubator will complement the Incubator Program and serve as a hub that provides resources to local food entrepreneurs so they can strengthen their businesses. The Food Incubator program’s overarching goal will be to develop and construct a state-of-the-art certified clean kitchen facility, with storage and classroom space for teaching and capacity building. This space will also be used as a production ground for value-added products that can be exported outside of the Territory, thus creating a sustainable export industry that can be expanded globally. To achieve this goal, the Incubator Program applied for a \$50,000 grant from the U.S. Department of Agriculture-Rural Development Program to conduct a Food Incubator feasibility study on St. Croix.



Kamal I. Latham, chief executive officer of the USVIEDA (second from the right); and Cusa Holloway, USVIEDA Incubator Program manager (center); are joined by Efrain Gonzalez, Jr., Associate Director for Business Development, MBDA, U.S. Dept of Commerce, Washington, DC (far left); Marie Gill, operator of M. Gill & Associates, Inc. and Desmond Alufohai, Senior International Trade Coordinator, Miami-Dade County & MEDWeek Co-Chair, as they accept the 2018 Disaster Recovery Advocate of the Year Award in Miami, FL, at the Intercontinental Hotel Miami on October 19, 2018.
 -Submitted photo

SUMMARY ECONOMIC DEVELOPMENT BANK

- Loan Payments totaled approximately \$650K
 - 1.9% loan delinquency rate
- Loan transactions totaled \$2.5M

ENTERPRISE ZONE COMMISSION

The mandate of the Enterprise Zone Commission is to revitalize distressed communities within the Territory. Revitalization includes refurbishing buildings, strengthening businesses and uplifting residents of our towns and neighborhoods. There are many programs that have been implemented to accomplish this critical goal. The programs are all developed within the framework of the division's strategic plan. In fiscal year FY2019, we successfully implemented the following:

Strategic Plan Pillar I: Offerings & Opportunities. Utilizing the existing resources that already exists within the community and work towards improving them. This year, the division implemented three major programs within this Pillar.

The first, **Rejuvenation** is a program where minor repairs and painting of four buildings were completed. This encourages occupancy or improve the quality of life for those who live within these



buildings. One of the rejuvenated edifices was a long-row structure on the corner of Bjerge Gade and Regjerings Gade in the historic neighborhood of Savanne on St. Thomas, USVI. Careful selection of the buildings helps to encourage others to repair and paint their buildings.

The second program completed in this pillar was the **community surveys**. In FY 2019, due to a staff shortage, surveys were completed only within the Garden Street/Upstreet Zone located on St. Thomas. In order to accomplish this goal, we work with students to assist in the surveying. After surveying over 970 buildings, we found that 53 percent of the buildings surveyed needed to be boarded up, rehabilitated or rejuvenated.



Members of Youth Arise, the USVIEDA's Enterprise Zone Commission and the Gentlemen of EntrepreNow 2019

Offerings and Opportunities not only addresses the repairing of buildings but also mandates that we assist residents of the community to get to the next steps and thrive as a result. In this regard our premier program is called **EntrepreNow**. FY2019 is the fourth year of the EntrepreNow program. This program, a collaboration between the USVIEDA, the Office of the Territorial Office of the Public Defender and a non-profit called Youth Arise focuses on young men ages 15 to 19 years old. Ultimately, the Gentlemen of EntrepreNow Territory-wide graduated once they were able to make a "Shark Tank" like presentations. Shark Tank is an entrepreneurial-themed reality show in which "sharks" - who are tough, self-made, multimillionaire and billionaire tycoons – search to invest in the best businesses and products that America has to offer.

This year, nine Gentlemen graduated and two Gentlemen EntrepreNow returned for the pilot of our graduate program which focused on looking at the stock market.

Strategic Plan Pillar II: Readiness and Resilience. The goal of this pillar is to prepare individuals and groups to be able to bounce back, whether that be from a natural disaster or from a personal disaster such as a death in the family. A main activity of this pillar is the Board-up Program which serves to prevent crimes of opportunity, accidental fires, etc. It also preserves the building until the owners can



BEFORE



AFTER

secure financing to fix the building. Many of the buildings that need boarding up have been identified by family members who have attempted to board up but could not.

Strategic Plan Pillar III: Innovation and Enterprise. This is to promote, assist and encourage businesses to thrive and grow within our enterprise zones. In order to accomplish this goal the EZC in collaboration with the Virgin Islands Council of the Arts, opened the "Made in the USVI" Pop-Up Shop. In its first year, over 45 "small manufacturers and artisans" sold their products through the Pop-Up Shop. We have created a logo for the "Made in the USVI" brand and have ensured that the brand is of the best quality. The EZC will open Pop-Ups on the islands of St. Croix and St. John.



The Enterprise Zone Commission received four applications that committed to \$480,000 in investment in FY2019. The impact to the territory should be - if all of those funds are expended - \$1.5 million in direct, indirect and induced investment to the total economic output in the territory and \$574,000 in total value added to GTP. There are currently 20 EZC beneficiaries.

As the EZC programs are largely supported by grant funding, this unit continues to apply for funds. In FY2019, the EZC managed \$504,500 in grants from the Department of Interior, the U.S. Small Business Administration and the State Historic Preservation Commission.

External Marketing and Public Relations

Website Redesign:

Redesigned the main website from a static, text heavy, and political look to a moving, visually-stimulating, and vibrant website reducing the clicks to find most viewed information. After conducting several focus groups with internal and external stakeholders and with the data analysis conducted through Google Analytics, the website was remapped and has begun to evolve with the times. As with technology and doing business online, it is a very rapidly moving environment. It is common to redesign a website every three years, while some economic development organizations (EDOs) are redesigning their website every 6 months.

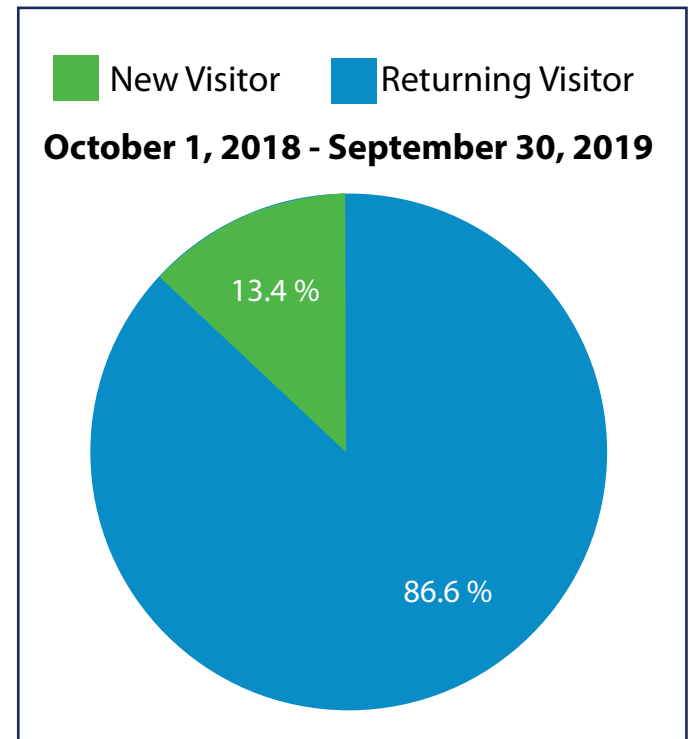
Website Highlights of FY2019 vs. FY2018:

Visitors to the website increased by 33%

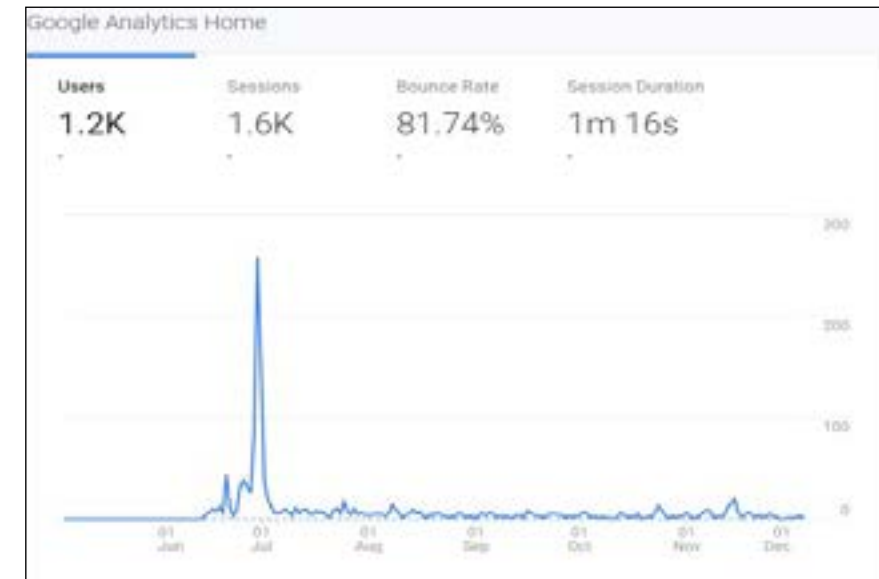
- 45,617 (FY2019) vs. 34,176 (FY2018)

35% increase in new users

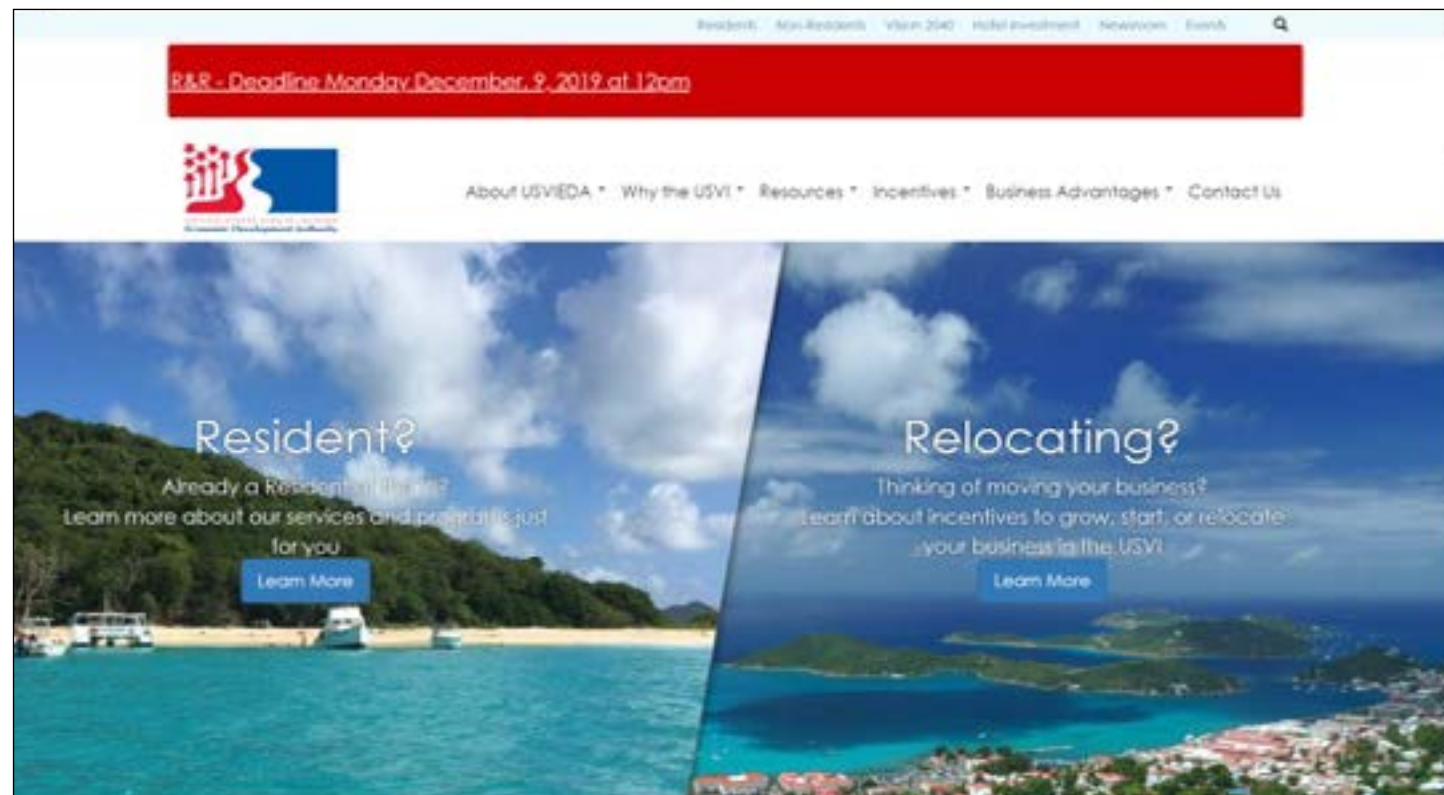
- 45,470 (FY2019) vs. 33,678 (FY2018)



2018 Website:



Redesigned 2019 Website:



Two (2) Website Launches and one (1) Upcoming Jumpsite

www.InvestUSVirginIslands.com

To attract and promote the VI Economic Development Commission Tax Incentive Program and the USVI as the best location to invest, the www.investusvirginislands.com website was launched. This site went live with supplemental promotional items at the CHRIS Conference in May 2019. It initially primarily focused on the hotel/hospitality industry with a compilation of 50+ commercial properties collected from the V.I. Port Authority, V.I. Dept of Property & Procurement, Public Finance Authority, realtors and realtor associations.

www.USVIatTIFF.com

To incentivize and promote the Sustainable Tourism through Arts-based Revenue Stream (STARS) Act for the music, film, theatre, arts and other arts-related investment in the Territory, the www.USVIatTIFF.com website was launched. It was paired with a visually captivating webpage, including members of the staff from varying departments at the Toronto International Film Festival. The Marketing/Vision 2040 Department supported attendees with marketing collateral in September of 2019.

www.InvestUSVI.org (JumpSite)

With the additional focus of the newly-developed Opportunity Zones, we began to develop a jump site at www.investusvi.org to directly send investors to the opportunity zone maps in the Territory and the QOZ promotional booklet created in partnership with the Office of the Governor.

Marketing/2040 Vision staff coordinated and organized the co-sponsorship along with other USVIEDA staff members at the following events.

- Director of Applications Margarita A. Benjamin and Marketing Director Shanell Petersen attended the Markets Group - Private Wealth Latin America & Caribbean Forum in Miami, Florida and met with leaders of family offices, wealth managers, RIAs, private banks and asset from Latin American and Caribbean region from October 15-18, 2018.
- Americas Lodging Investment Summit (ALIS) January 2019, Los Angeles, California

MARKETING MISSIONS AND CONFERENCES:

ALIS Recap 2019

ALIS is the leading and largest hotel investment conference in the world. ALIS in January 2018 had nearly 3,000 attendees. ALIS features numerous networking opportunities and an extensive array of seminars and panels by hotel industry experts, who discuss important trends and identify new opportunities for the year ahead.

USVIEDA Attendance: Shanell Petersen (Director of Marketing)

Add-ons: Attendee list and contact info

The Houston Family Office and High Net Worth Annual Conference,

Houston, Texas: May 15 – 17, 2019.

This event is part of the DC Finance's Global Family Office and High Net Worth Individual Community that builds an international network of high-net-worth individuals, family offices, and investors for mutual growth and support through first-tier events worldwide. The organization invites select partners to seize the opportunity and interact with an exclusive group of senior Single Family Office and Multi-Family Office investment executives, private investors and family members. Each representative is personally invited and vetted by DC Finance.

2019 CHRIS Conference Loews Miami Beach Hotel,

Miami, FL: Monday, May 20, 2019 thru Friday, May 24, 2019;

The CHRIS conference is one of the Caribbean's most noteworthy hotel investment conference that features excellent networking opportunities and an extensive array of sessions and panel discussions led by hotel and hospitality industry experts.



(Left to right) Esther Joseph, VIEDC Applications Analyst; USVIEDA CEO Kamal I. Latham, and USVIEDA Marketing Director Shanell Petersen attend the 2019 CHRIS Conference Loews Miami Beach Hotel, Miami, FL. May 20, 2019 through May 24, 2019
-Submitted photo



Caribbean Hotel and Resort Investment Summit (CHRIS) - Delegation to CHRIS in Miami, Florida from May 20-Friday, May 24, 2019, included members from the public and private sector in hospitality, including representatives from the Office of the Governor, USVIEDA, VI Port Authority, and VI Department of Planning and Natural Resources.
-Submitted photo

2019 SelectUSA Summit,

Washington, DC: June 10-12, 2019

Location: Washington, DC

Host Hotel: Washington Hilton 1919 Connecticut Ave NW, Washington, DC 20009

USVIEDA Attendance:

Kamal I. Latham – CEO

Margarita Benjamin – Managing Director, Economic Development

Shanell Petersen - Managing Director, Marketing and 2040 Vision



(Left to Right): Kamal Latham, USVIEDA chief executive officer; Shanell Petersen, USVIEDA managing director, Marketing and 2040 Vision; and Margarita A. Benjamin, VIEDC Managing Director, Economic Development
-Submitted photo

Essence Fest's Global Black Economic Forum (GBEF) July 5-6, 2019

USVIEDA CEO Kamal Latham from the U.S. Virgin Islands joined seasoned business moguls and inspiring entrepreneurs at ESSENCE Festival's first Annual Global Black Economic Forum on Friday July 5th at the Contemporary Arts Center (CAC) in New Orleans during the 25th Anniversary of the ESSENCE Festival. Mr. Latham was part of the panel, "Empowering our Community to Overcome Multigenerational Financial Inequality". The forum also featured T.D Jakes, TDJ Enterprises CEO; and Ram Palaniappan, Founder, Earnin.



Kamal Latham, USVIEDA CEO

Latino Hotel Association July 23-24, 2019

The Latino Hotel Association is dedicated to serving those who want to learn, grow and succeed in the most exciting industry in the world of hospitality. They educate and nurture passionate individuals in the hospitality industry with a focus on growing Latino and Hispanic leaders. They are committed to expanding the community of Latino Hotel owners and operators.



Location: DoubleTree Biscayne Bay, Miami, Florida

USVIEDA Attendance:

Shanell Petersen, Managing Director, Marketing and 2040 Vision

Yolanda Bryan, Business Ambassador

LaShanna McBean de Chabert, Applications Analyst, VIEDC

Sponsorship Package Details: Sponsorship Package Details: 3-5 minute speaking part by Shanell Petersen on tax incentives and hotel and resort opportunities, booth, and Luncheon sponsor

The 23rd Annual International African American Hotel Ownership & Investment Summit & Trade Show, Miami, FL, July 24-26, 2019

Presented by the National Association of Black Hotel Owners, Operators & Developers (NABHOOD), Black Meetings & Tourism Magazine and Horizons International Group, this three-day summit was designed to educate attendees on becoming a hotel owner or investor, share minority investment trends, explore supplier opportunities, learn how to market to minorities and discuss diversity issues affecting the industry.

Summit attendees include African American hoteliers, entrepreneurs, national leaders and hospitality representatives, city/state/country development representatives and financial experts like financial experts. Industry professionals will lead general sessions, workshops and seminars to spark discussion on African American hotel ownership, public/private partnerships, financing, franchising, investment opportunities, creating partnerships, employment & supplier opportunities.

Location: Miami Marriott Biscayne Bay, Miami, Florida



(Left to right) Yolanda Bryan, Business Ambassador, USVIEDA; LaShanna McBean deChabert, Application Analyst, VIEDC; NABHOOD business attendee; and Shanell Petersen, Managing Director, USVIEDA Marketing and 2040 Vision
 –Submitted Photo

USVIEDA Attendance:

Shanell Petersen, USVIEDA Managing Director, Marketing and 2040 Vision

Yolanda Bryan, USVIEDA Business Ambassador

LaShanna McBean de Chabert, VIEDC Applications Analyst

Sponsorship Package Details:

- 7-minute speaking part by Shanell Petersen during Panel on Investment & Development Opportunity:

Representatives from countries, cities & companies highlighted development & investment opportunities currently available and how to participate.

- 15-minute presentation by Mrs. Petersen on the following title “Investment & Business Opportunities In The U.S. Virgin Islands” with about 10-15 attendees with interest in investing in the Territory.



(Left to right) LaShanna McBean deChabert, Application Analyst, VIEDC; Shanell Petersen, Managing Director, USVIEDA Marketing and 2040 Vision; Commissioner Joe Boschulte, USVI Department of Tourism; and Yolanda Bryan, Business Ambassador, USVIEDA
 –Submitted Photo

National Association of Black Journalists (NABJ)

During the NABJ Annual Conference, USVIEDA was featured at all DOT events and speaking opportunities and Managing Director Petersen interviewed with Louisianabased reporter on investment opportunities and the story of the USVI as America’s Business Paradise.

Video link: <https://youtu.be/OBabx8WsruU>

USVIEDA’s 2019 Investor Forum held on June 13-15, 2019

Hosted the SelectUSA Investment Summit spin-off event.



(Far Left) EDC Beneficiary Fintrac, Owner, Claire Starkey meets with investors and Nadine Marchena Kean, Managing Director, USVIEDA’s Enterprise Zone Commission.

- Submitted photo



Investors conversing at the Public Finance office on Government Hill prior to presentation by the Office of the Governor during the USVI Investor Forum.

- Submitted photo



(Center) Scott Newland, Newland Real Estate USVI; during site visit at Mahogany Run Golf Course with investors during the USVI Investor Forum.

Investors dining at Tramway Properties, a VIEDC Beneficiary, open-aired Paradise Point during presentation by local partners, VI Port Authority and University of the Virgin Islands.

-Submitted photo



Semele George, USVIEDA marketing and PR specialist (seated at the table in front) and presenter Anise Hodge, VIPA Deputy Director, delivering a presentation on investment opportunities within VIPA’s portfolio



ADDITIONAL CONFERENCES USVIEDA TEAM PARTICIPATED AND/OR CO-SPONSORED:

NAWRB Annual Conference: August 4-6, 2019

Gateway Conference

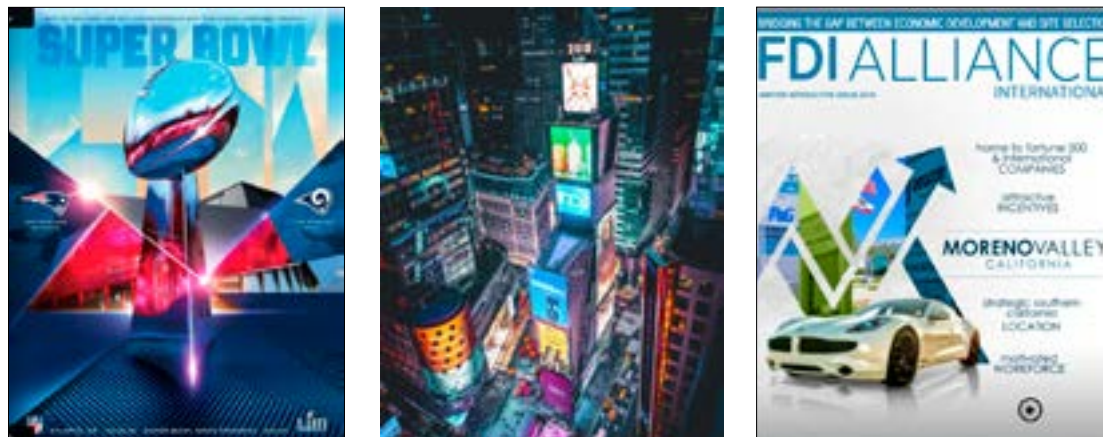
Location: New Orleans, Louisiana

September 4-6, 2019

This is the Gulf South’s premier annual business conference for corporations, government, nonprofits, and minority business enterprises. This two-day event draws hundreds from across the United States to New Orleans, Louisiana, providing a venue for thought-provoking discussion, relevant training, efficient matchmaking and recognition of the region’s first in class businesses.

NATIONAL PUBLICATIONS AND ADS (DIGITAL AND/OR PRINT)

Including 2019 NBA All-Star, NHL All-Star game, and additional publications below, including Super Bowl, and FDI Alliance International.



NEWSWIRE PRESS RELEASE ONLINE DISTRIBUTION:

Over 400 publications



A few additional national and international publications and online radio ads included:



COMMUNICATIONS:

General Media Inquiries (Not related to Jeffrey Epstein):

Twenty-six inquiries were received from the following: five (5) publications and four (4) reporters.

Publications: *VI Consortium, The Virgin Islands Daily News, The Source, The St. Croix Avis, and The New York Times.*

Jeffrey Epstein Media Inquiries:

Twenty-nine total inquiries were received from the following: eight (8) publications, two (2) television stations and fourteen (14) reporters and investigative journalists.

Publications: *The Source, Virgin Islands Daily News, VI Consortium, Bloomberg News, Business Insider, The New York Times, Miami Herald, The Wall Street Journal, and McClatchy News*

Television: *NBC News, ABC News*

In addition, three (3) interviews were conducted for the New York Times by Steve Eder on behalf of Matthew Goldstein, Wall Street Journal by Rebecca O’Brien, and Bloomberg News (Miami) by Jonathan Levine.

Total FY 2019 Media Inquiries: 55

Communication Crisis:

Due to the communication crisis, Marketing and Vision 2040 staff created a media response clearance protocol. This development has since been used for other crises that have occurred within the year.

LEAD GENERATION:

With the creation of a new position, Program Manager of Marketing and Vision 2040, an internal team member was promoted from another unit within the USVIEDA. Managing Director Petersen and Managing Director, Margarita A. Benjamin-Greenidge developed a Lead Generation Program to

which Kyle Thomas, Program Manager, Marketing and Vision 2040, oversees.

Investment lead generation is a top priority for attracting corporate investment into the USVI through participation in the VIEDC program. Investment lead generation encompasses a series of activities which include: research, identifying companies, qualifying companies, and contacting and building relationships with companies that have the potential to expand or relocate to the U.S. Virgin Islands.

In building internal capacity, Program Manager, Marketing and 2040 Vision will be a key team member in managing the Lead Generation program. In addition to the efforts of the Program Manager, Marketing and 2040 Vision, lead generation contractors will be recruited to provide qualified leads at maximum set cost per firm/individual.

Within the lead generation program includes an SOP, lead generation qualifiers, a detailed flowchart from introduction to application, and a nurture cycle as seen below:



Internal Marketing and Public Relations

Managing Director Petersen and/or staff attended or coordinated the following activities:

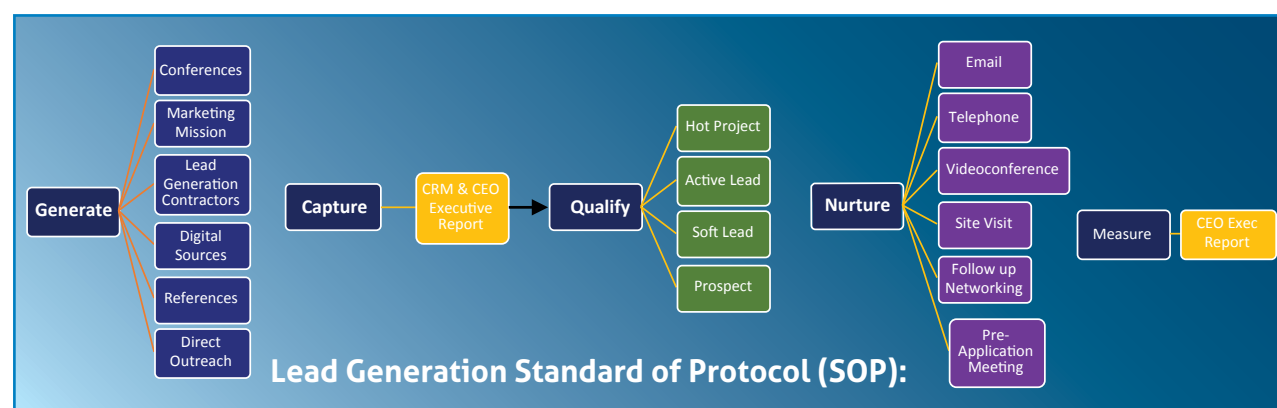
- Managing Director Petersen attended the Taste of Flavors and met with local residents to increase awareness of the programs and services available for the community and small-business owners.
- Taste of Two Islands
- Managing Director Petersen and members of the internal Economic Strategic Taskforce continued to work on securing the all needs of the grants with VIHFA and USEDA. Due to delays in securing the funding, a timeline for the completion of the 20-year economic development vision plan is not set.
- Managing Director Petersen and staff coordinated co-sponsorship of the Paradise Jam, which included a national ad.
- Managing Director Petersen and staff along with others coordinated the co-sponsorship of DreamsFest, CrucianFest, St. Thomas Carnival, St. John Carnival, AgriFest, Taste of St. Croix, Women Striving for Success
- Launched local campaign, "Made in the USVI Pop-up Shop", to promote 25+ locally-owned manufacturers and artisans in a brick and mortar on Waterfront in the I. Levin Building on St. Thomas. A campaign that included social media and guerrilla marketing, while still relying heavily on radio saturation. This campaign lasted for roughly 6 months with varying events such as:

Meet Local Authors Event and Children's Storytelling

Beauty and Spa mini-campaign highlighting body, hair and overall self-care products in the store including a live demonstration from one of the local manufacturers.

Valentines' Day Extravaganza!

- Marketing and Vision 2040 staff executed media plan for the Annual Open House on Food Fair Day, May 1, 2020 at E's Garden Teahouse & Things where the USVIEDA staff met local residents and connected with business owners on their needs and how USVIEDA programs and services fit into the solution, while promoting locally-owned businesses in the Accelator and STEP program through the Enterprise Zone Commission.



Radio Commercial Sponsorship, Advertisements, and Coverage:

- “Why Didn’t I Think of That?” – WSTA 1340AM
- Announcement of the USVIEDA as a Neighborhood Champion of Small Business Saturday
- Viewing and voting of Savanne-Downstreet Community Plan
- Live paid broadcast on WSTA 1340AM of the USVIEDA Open House at E’s Garden Teahouse and Things during Virgin Islands Carnival Food Fair on St. Thomas
- Live paid broadcast by WSTA 1340AM of the EZC Made in the USVI Pop-Up Shop
- Live paid broadcast by WLDV 107.9 FM – DaVybe “of the EZC Made in the USVI Pop-Up Shop
- Just Us Interview with CEO Kamal I. Latham
- Monday’s Economic Roundtable Business Forum Show: with CEO Kamal I. Latham
- ‘The Morning Show with Addie Ottley’ & ‘The Morning Mix with Liston Davis’ Show with Managing Director Nadine Marchena Kean on the “Made in the USVI” Pop-Up Shop
- “The Morning Show with Addie Ottley” with CEO Latham and Marketing Managing Director Petersen on USVIEDA Updates

Television Coverage:

- TV2 Interview with CEO Kamal Latham during the 2018 Beneficiary Summit
- Interviews by reporters Kellie Meyer and April Fale-Knight with Director Enterprise Zone Commission, Nadine Marchena Kean, at the Made in the USVI Pop-Up Shop
- CBS USVI News Interview by reporter Kellie Meyer with CEO Kamal I. Latham on Economic Impact Analysis

Major News Stories (Virgin Islands Daily News, St. Croix Avis, VI Consortium, The Source, Caribbean Journal):

- “USVIEDA Officials to lead Delegation of VI Entrepreneurs to NY Now Tradeshow”
- “EDA Rallies USVI Community to Support Small Local Business at Shop Small Rally”
- “EDA receives \$50K grant from US Department of Agriculture”
- “6 Young Men Graduate from Enterprise Zone Commission Summer Entrepreneurship Program (EntrepreNow)”
- “Rising with Resilience: How the U.S. Virgin Islands is Telling the World it is Open for Business”
- “The Fred is named Top 7 Locations to Visit by Caribbean Journal”
- “Territory to be part of Video Advertising in Times Square, New York, EDA Says”
- “‘Made in the USVI’ Pop-Up Store Aims to Inspire Residents, Visitors to ‘Buy Local’ for the Holidays”

Print Advertisements:

- Enterprise Zone Commission Open House held during the Virgin Islands Carnival Food Fair on St. Thomas
- Post-Disaster Relief Revolving Loan Program at the Economic Development Bank
- Viewing and voting of the Savanne-Downstreet Community Plan by the Enterprise Zone Commission

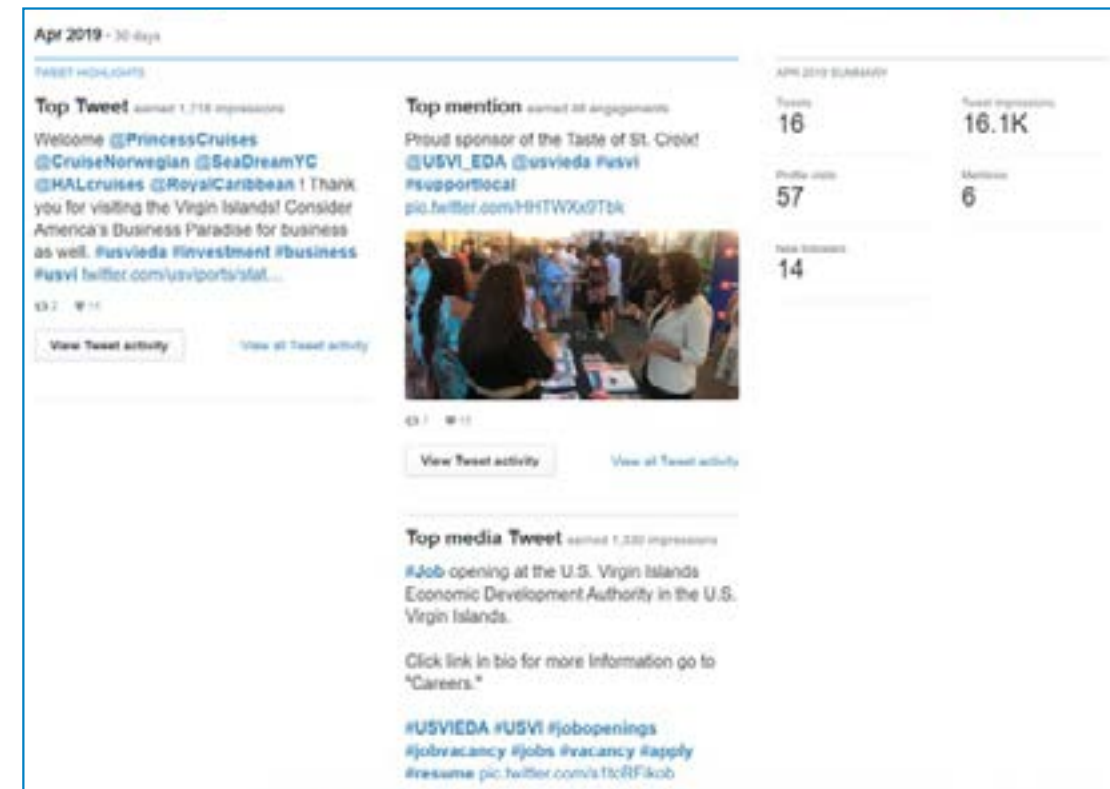
SOCIAL MEDIA:

Twitter Highlights:

- 123,352 Impressions and 155 new followers. Averaging a tweet every other day for 180+ tweets for the year.

Facebook and Instagram Highlights:

- Facebook followers increased by 618% from 76 followers to 546 followers.
Facebook Page Reach was 54,541.
- Instagram Followers were 57.2% Women and 42.8% men.
Instagram Reach : 4,859.
- Total Paid Reach: 37,302.





US VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
(A Component Unit of the Virgin Islands Government)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
Together With Independent Auditor's Report



VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
(A Component Unit of the Virgin Islands Government)
CONSOLIDATED FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

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INDEPENDENT AUDITOR’S REPORT

Board of Directors
 Virgin Islands Economic Development Authority
 St. Thomas, U.S. Virgin Islands

Report on the Financial Statements

We have audited the consolidated accompanying statement of net position of the Virgin Islands Economic Development Authority (the “Authority”) and its wholly owned subsidiary Economic Development Park Corporation, a component unit of the Government of the U.S. Virgin Islands, as of and for the year ended September 30, 2019 and the related statement of revenues, expenses, and changes in net position and cash flows for the year then ended and the related notes to the consolidated financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including, the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2019, and the respective changes in net position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, the consolidated financial statements present only the Authority's financial position and the changes in financial position and cash flows and do not purport to, and do not, present fairly the financial position of the Government of the U.S. Virgin Islands as of September 30, 2019 and changes in the financial position of the Government of the U.S. Virgin Islands for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Report on Comparative Information

We have previously audited the Authority's September 30, 2018 consolidated financial statements, and our report dated, October 28, 2019, expressed an unmodified opinion thereon. In our opinion, the comparative information presented herein as of and for the year ended September 30, 2018, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis information on pages 4 through 9 and the Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions and Schedule of Proportionate Share of OPEB Liability on pages 29 through 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic consolidated financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic consolidated financial statement in an appropriate operational, economic, or historic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

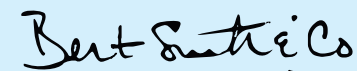
Other Information

Our audit was conducted for the purpose of forming an opinion on the Authority's basic consolidated financial statements. The other supplementary information listed in the accompanying table of contents on pages 35-36 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic consolidated financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2021 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



St. Croix, U.S. Virgin Islands
January 15, 2021

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
(A Component Unit of the Virgin Islands Government)
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

INTRODUCTION

The Virgin Islands Economic Development Authority (the "Authority") is a semi-autonomous government instrumentality responsible for the promotion and enhancement of economic development in the U.S. Virgin Islands.

The Authority is the umbrella organization that assumes, integrates, and unifies the functions of the following subsidiary entities: the Economic Development Bank ("EDB"), the Economic Development Commission ("EDC"), the Economic Development Park Corporation ("EDPC"), and the Enterprise Zone Commission ("EZC").

The Authority operates under one Governing Board ("Board") in order to achieve maximum efficiency of operation to avoid duplication of services, positions, and responsibilities; to reduce expenses of personnel, physical plant, and operations; and to develop comprehensive programs for the economic development of the U.S. Virgin Islands. The Authority is funded primarily by allotments through the Office of Management and Budget via the Department of Finance based on an approved budget authorized by the Legislature of the Virgin Islands.

As management of the Authority, we offer the readers of the Authority's consolidated financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended September 30, 2019. We encourage readers to consider the information presented here in conjunction with the Authority's consolidated financial statements. This overview and analysis are required by accounting principles generally accepted in the United States of America ("GAAP"), and the Governmental Accounting Standards Board ("GASB") Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Government.

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
(A Component Unit of the Virgin Islands Government)
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS

The consolidated financial statements consist of four parts: management's discussion and analysis, the financial statements, notes to the financial statements, and supplementary schedules. The Authority is a component unit of the Government of the U.S. Virgin Islands and follows enterprise fund reporting. The consolidated financial statements, therefore, are presented in a manner similar to that of a private business, using the economic resources measurement focus and the accrual basis of accounting.

- **The Consolidated Statement of Net Position:** This statement includes all of the Authority's assets, deferred outflows of resources and deferred inflows of resources, and liabilities. It provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). The assets and liabilities are presented in order of liquidity. The resulting net position presented in these statements is displayed as restricted or unrestricted.
- **The Consolidated Statement of Revenues, Expenses, and Changes in Net Position:** All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the activities of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all of its costs through appropriations and the services it provided.
- **Statement of Cash Flows:** The primary purpose of this statement is to provide information about the Authority's net cash used in operating activities, capital and related financing activities, and provide information regarding the sources and uses of cash and the changes in the cash balance during the reporting period.
- **Notes to the Financial Statements:** The notes to the consolidated financial statements provide additional information that is essential to the full understanding of the data provided in the financial statements.
- **Supplementary Schedules:** The Authority's fund consolidated financial statements are presented as supplementary schedules. These schedules separate the consolidated financial statements and operations for each of the major funds.

2019 FINANCIAL HIGHLIGHTS

- The Authority's net position (deficit) increased by \$495,075 or 6.14% compared to fiscal year 2018.
- The Authority's total assets and deferred outflow of resources decreased by \$761,410 or 2.06%.
- Total liabilities and deferred inflows of resources decreased by \$266,335 or .59% compared to fiscal year 2018.
- The Authority's operating revenues increased by \$590,540 or 29.59% and operating expenses decreased by \$1,165,421 or 11.41% compared to fiscal year 2018 due to a reduction in losses associated with non-operating loans and receivables.
- Government appropriations increased by \$876,992 or 18.28% compared to fiscal year 2018.

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
(A Component Unit of the Virgin Islands Government)
MANAGEMENT'S DISCUSSION AND ANALYSIS
 (UNAUDITED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

Condensed Consolidated Statements of Net Position as of September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>	<u>Variance</u>	<u>% Variance</u>
Assets				
Current Assets	\$12,946,999	\$11,412,366	\$ 1,534,633	13.45%
Noncurrent Assets	17,711,710	17,775,033	(63,323)	-.36%
Capital Assets, net	1,170,014	1,242,328	(72,314)	-5.82%
Total Assets	<u>31,828,723</u>	<u>30,429,727</u>	<u>1,398,996</u>	<u>4.60%</u>
Deferred Outflows of Resources	<u>4,394,391</u>	<u>6,554,797</u>	<u>2,160,406</u>	<u>-32.96%</u>
Total Assets and Deferred Outflows of Resources	<u>\$36,223,114</u>	<u>\$36,984,524</u>	<u>\$ (761,410)</u>	<u>-2.06%</u>
Liabilities				
Current Liabilities	\$13,828,630	\$14,589,169	\$ 760,539	-5.21%
Noncurrent Liabilities	27,249,839	28,113,554	863,715	-3.07%
Total Liabilities	<u>41,078,469</u>	<u>42,702,723</u>	<u>1,624,254</u>	<u>-3.80%</u>
Deferred Inflows of Resources	<u>3,707,616</u>	<u>2,349,697</u>	<u>1,357,919</u>	<u>57.79%</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$44,786,085</u>	<u>\$45,052,420</u>	<u>\$ (266,335)</u>	<u>-.59%</u>
Net Position				
Net Investment in Capital Assets	\$ 1,170,014	\$ 1,242,328	\$ (72,314)	-5.82%
Restricted	16,532,952	16,570,721	(37,769)	-.23%
Unrestricted	(26,265,937)	(25,880,945)	(384,992)	1.49%
Total Net Position	<u>\$ (8,562,971)</u>	<u>\$ (8,067,896)</u>	<u>\$ (495,075)</u>	<u>6.14%</u>

CURRENT ASSETS

Current assets are used to support the Authority's operations and include cash and cash equivalents, net accounts receivables (primarily receivables from rentals and beneficiaries, and accrued interest receivable), short-term investments, and prepaid expenses. In Fiscal Year 2019, the Authority's current assets increased by \$1,534,633 or 13.45%. This includes an increase in cash and cash equivalents of \$1,780,526 or 18.07% due to increases in the government allotment and cash flow from the operations of the Economic Development Park Corporation (EDPC) and the Economic Development Commission (EDC) Program. There were also increases in prepaid and other assets of \$55,547 or 77.39% and investment of \$6,547 or 0.70%. The total of these increases was offset by a decrease of \$307,987 or 55.93% in net account receivables as the Authority increased overall collection and established an allowance for accounts that were deemed uncollectible.

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
(A Component Unit of the Virgin Islands Government)
MANAGEMENT'S DISCUSSION AND ANALYSIS
 (UNAUDITED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

NONCURRENT RESTRICTED ASSETS

Noncurrent assets decreased by \$63,323 or .36% compared to last fiscal year. This was mainly due to the net effect of a reduction in loan receivables (net allowance for doubtful accounts) of \$297,030 or 10.48% and an increase in cash and cash equivalents of \$200,901 or 2.10% that resulted from EDB borrowers paying off their loans before maturity. Additionally, there was also an increase in restricted investments of \$32,806 or 0.61%, which represents interest earned on long-term investments held at local financial institutions in the form of Certificates of Deposit.

CURRENT LIABILITIES

Current liabilities decreased by \$760,539 or 5.21% from Fiscal Year 2018 to Fiscal Year 2019. This reduction was primarily due to the Authority paying down its vendor, contractual, and payroll obligations by the end of the fiscal year. Contributing to this decline was a reduction in the current portion of compensated absences that resulted from the Authority continuing to manage its compensated absence policy effectively. Conversely, deferred revenues increased by \$70,332 or 0.54%, which reflects grant funds received for the State Trade Expansion and Incubator Rural Business Development Grant Programs that had not been expended by the end of the fiscal year.

NONCURRENT LIABILITIES

The Authority's noncurrent liabilities are substantially comprised of long-term debt, net pension liability, other long-term liabilities accrued for post-employment and post-retirement benefits (OPEB), and compensated absences. During Fiscal Year 2019, noncurrent liabilities decreased by \$863,715 or 3.07% due to the cumulative effect of:

- A reduction of \$1,490,390 or 6.02% in the Authority's proportionate share of the net pension liability in the U.S. Virgin Islands' Government Employees Retirement System (GERS). The Governmental Accounting Standards Board (GASB) Statements No. 68 and 75 require governmental employers participating in multi-employer cost-sharing pension and healthcare benefit plans to recognize liabilities for their proportionate share of the unfunded liability for plans whose actuarial liabilities exceed the plan's net assets. As required by the U.S. Virgin Islands statute, all eligible employees of a qualifying employer must be a member of the Government Employees Retirement System (GERS). The reduction represents the adjustment made to record the Authority's share of the GERS's unfunded liability obligation for Fiscal Year 2019.
- A reduction of \$25,460 or 10.66% in long-term debt, representing debt repayments made throughout the fiscal year on the Intermediary Relending Program (IRP) loan.
- A decrease in security deposits of \$6,666 or 9.20% mainly due to returning a security deposit to a tenant that vacated the Economic Development Park.
- An increase in long term compensated absences of \$34,100 or 16.52% due to the reclassification of employee accrued leave earned from current compensated absences to long-term compensated absences.

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
(A Component Unit of the Virgin Islands Government)
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (UNAUDITED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

- An increase in deferred revenue of \$624,701 or 66.50% mainly due to funds received from the Government of the Virgin Islands (GVI) for energy-efficient retrofits at the William D. Roebuck Industrial Park on St. Croix and State Trade Expansion and Incubator Rural Business Development Grant Programs that had not been expended by the end of the fiscal year.

NET POSITION

Net position represents the residual interest in the Authority's assets and deferred outflows of resources after all liabilities and deferred inflows of resources are deducted for reporting purposes and are divided into three major components:

- Net Investment in Capital Assets
- Restricted Net Position
- Unrestricted Net Position

The Authority's total net position (deficit) increased by \$495,075 or 6.14% during Fiscal Year 2019. This was due to the net effect of decreases in net investment in capital assets of \$72,314 or 5.82% and unrestricted net position of \$384,992 or 1.49% as total expenses exceeded total revenues for the fiscal year.

Condensed Consolidated Statements of Revenues, Expenses, and Changes in Net Position for the Years Ended September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>	<u>Variance</u>	<u>% Variance</u>
Operating Revenues	\$ 2,586,149	\$ 1,995,609	\$ 590,540	29.59%
Operating Expenses	(9,051,490)	(10,216,911)	1,165,421	11.41%
Operating Loss	(6,465,341)	(8,221,302)	1,755,961	21.36%
Net Non-operating Revenues	5,970,266	5,014,302	955,964	19.06%
Changes in Net Position	(495,075)	(3,207,000)	2,711,925	84.56%
Net Position, Beginning of Year	(8,067,896)	(4,860,896)	(3,207,000)	65.98%
Net Position, End of Year	<u>\$ (8,562,971)</u>	<u>\$ (8,067,896)</u>	<u>\$ (495,075)</u>	<u>6.14%</u>

OPERATING REVENUES

Operating revenues increased by \$590,540 or 29.59% compared to last fiscal year. This increase was primarily driven by increases in EDC penalties and EPDC rental income. EDC penalties increased by \$253,542 or 87%. Rental income from EPDC tenants increased by \$331,182 or 56.61%. In Fiscal Year 2018, many of the Parks' tenants received rental abatements for approximately the first quarter of the fiscal year due to the damages sustained to their leased spaces directly following the two category 5 hurricanes, Irma and Maria. There were also notable increases in application and processing fees of \$91,050 or 18.56% due to a rise in EDB and EDC applications, and grant revenues of \$78,756 or 92.35% to assist small businesses with export development and to purchase and install a generator for the Incubator Office Space. However, these increases were offset by reductions in penalties assessed to EDC beneficiaries of \$155,583 or 53.18%, interest income of \$83,301 or 46.11%, and other operating income of \$94,916 or 26.26% due to collection on accounts that have been previously written off as bad debt.

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
(A Component Unit of the Virgin Islands Government)
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (UNAUDITED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

OPERATING EXPENSES

Operating expenses declined by \$1,165,421 or 11.41% compared to last fiscal year. The changes in operating expenses are primarily due to a significant reduction of \$882,102 or 90.81% in loan losses and uncollectible receivables, a sharp decline of \$215,277 or 27.71% in professional services due to the expiration of a lead generation and marketing contract, and a reduction in inter-island travel costs totaling \$15,491. Conversely, occupancy costs rose by \$26,534 or 9.21% based on the rental agreement with the Nisky Shopping Center office space in St. Thomas, and advertising costs increased by \$113,880 or 35.30% due to additional marketing activities undertaken by the Authority.

NON-OPERATING REVENUES AND EXPENSES

Non-operating revenues are revenues received from activities not related directly to a business core operations. For example, appropriations from the Government of the Virgin Islands are non-operating revenues because appropriated funds are those controlled by Legislature through the general or special appropriation process and are designated for specific purposes. Without non-operating revenues, the Authority would not be able to cover its costs of operations. This funding is critical to the Authority's financial stability and directly impacts the quality of its programs.

The Authority's non-operating revenues for Fiscal Year 2019 exceeded those of Fiscal Year 2018 by \$955,964 or 19.06%. This is mainly attributed to an increase of \$876,992 or 18.28% in government allotments that were appropriated to fund energy retrofits at the William D. Industrial Park on St. Croix, support the operations of the Incubator Program, and complement the Authority's marketing budget.

CAPITAL ASSETS

At September 30, 2019, the Authority had \$1,170,014 invested in capital assets. Increases during the year represent additions to those categories, while accumulated depreciation decrease represents retirements of assets during the year and depreciation of depreciable assets for the year.

**Capital Assets at Year-end
 Net of Accumulated Depreciation**

	<u>2019</u>	<u>2018</u>
Building & Building Improvements	\$ 9,508,842	\$ 9,355,407
Leasehold Improvements	867,890	867,890
Equipment	1,283,111	1,186,915
Furniture & Fixtures	513,973	513,973
Vehicles	469,145	469,145
Leasehold Equipment	20,585	20,585
Total Costs	12,663,546	12,413,915
Less: Accumulated Depreciation	(11,493,532)	(11,171,587)
Net Capital Assets	<u>\$ 1,170,014</u>	<u>\$ 1,242,328</u>

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
(A Component Unit of the Virgin Islands Government)
CONSOLIDATED STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2019
(With Comparative Totals for 2018)

	2019	2018
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets:		
Cash and Cash Equivalents	\$ 11,635,065	\$ 9,854,539
Investments	941,936	935,389
Other Receivables, net	242,674	550,661
Prepaid and Other Assets	127,324	71,777
Total Current Assets	12,946,999	11,412,366
Noncurrent Restricted Assets:		
Restricted Cash and Cash Equivalents	9,788,426	9,587,525
Restricted Investments	5,384,871	5,352,065
Restricted Loans Receivable, net	2,538,413	2,835,443
Total Noncurrent Restricted Assets	17,711,710	17,775,033
Capital Assets, net	1,170,014	1,242,328
Total Assets	31,828,723	30,429,727
Deferred Outflows of Resources	4,394,391	6,554,797
Total Assets and Deferred Outflows of Resources	\$ 36,223,114	\$ 36,984,524
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Current Liabilities:		
Accounts Payable	\$ 470,474	\$ 1,230,057
Accrued Expenses	2,394	63,300
Compensated Absences	183,141	190,884
Interest Payable	18,245	20,790
Deferred Revenue	13,128,487	13,058,155
Loan Payable, current	25,889	25,983
Total Current Liabilities	13,828,630	14,589,169
Noncurrent Liabilities:		
Compensated Absences	240,506	206,406
Security Deposits	65,792	72,458
Deferred Revenue	1,564,106	939,405
Relief Revolving Funds	400,000	400,000
Loan Payable	213,464	238,924
Net Pension Liability	24,765,971	26,256,361
Total Noncurrent Liabilities	27,249,839	28,113,554
Total Liabilities	41,078,469	42,702,723
Deferred Inflows of Resources	3,707,616	2,349,697
Total Liabilities and Deferred Inflows of Resources	\$ 44,786,085	\$ 45,052,420
NET POSITION		
Net Position:		
Net Investment in Capital Assets	\$ 1,170,014	\$ 1,242,328
Restricted Net Position	16,532,952	16,570,721
Unrestricted Net Position	(26,265,937)	(25,880,945)
Total Net Position	\$ (8,562,971)	\$ (8,067,896)

The accompanying notes are an integral part of these consolidated financial statements.

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
(A Component Unit of the Virgin Islands Government)
CONSOLIDATED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(With Comparative Totals for 2018)

	2019	2018
Operating Revenues:		
Application and Processing Fees	\$ 581,700	\$ 490,650
Rental Income	916,164	584,982
Interest Income from Loans	97,349	180,650
Grant Revenue	164,038	85,282
Fees and Fines	560,337	292,568
Other Operating Revenue	266,561	361,477
Total Operating Revenues	2,586,149	1,995,609
Operating Expenses:		
Personnel Costs	6,217,145	6,202,940
General and Administrative	948,885	1,176,603
Occupancy	314,682	288,148
Advertising	436,445	322,565
Professional Services	561,572	776,849
Travel	53,618	69,559
Grant Expenditures	114,038	85,282
Loan Losses	-	672,807
Uncollectible Receivables	83,161	232,456
Total Operating Expenses	8,729,546	9,827,209
Operating Loss Before Depreciation	(6,143,397)	(7,831,600)
Depreciation	(321,944)	(389,702)
Operating Loss	(6,465,341)	(8,221,302)
Nonoperating Revenues (Expenses):		
Government Appropriations	5,674,499	4,797,507
Interest Income	83,360	77,279
Other Income	215,317	141,770
Interest Expenses and Finance Charges	(2,910)	(2,254)
Total Nonoperating Revenues	5,970,266	5,014,302
Changes in Net Position	(495,075)	(3,207,000)
Net Position, Beginning of the Year	(8,067,896)	(4,860,896)
Net Position, End of Year	\$ (8,562,971)	\$ (8,067,896)

The accompanying notes are an integral part of these consolidated financial statements.

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
(A Component Unit of the Virgin Islands Government)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(With Comparative Totals for 2018)

	2019	2018
Cash Flows from Operating Activities		
Cash Received from Application and Processing Fees	\$ 554,036	\$ 490,650
Cash Received from Tenants	846,131	581,218
Cash Received from Loan Repayments	724,842	445,961
Cash Received from Other Operating Income	1,221,277	690,852
Cash Received from Federal Government	164,038	85,282
Cash Paid for Grant Programs	(114,038)	(85,282)
Cash Paid for Goods and Services	(2,231,860)	(2,058,626)
Cash Paid to Employees for Services	(4,215,567)	(3,926,018)
Loan Disbursements	(540,000)	(29,158)
Net Cash (Used in) Provided by Operating Activities	(3,591,141)	(3,805,121)
Cash Flows from Noncapital Financing Activities		
Cash Received from Primary Government	6,074,467	4,840,735
Other Income	(267,810)	212,065
Interest Expense and Finance Charges	(2,910)	(2,254)
Net Cash Provided by Noncapital Financing Activities	5,803,747	5,050,546
Cash Flows from Capital and Related Financing Activities		
Note Principal Payments	(25,555)	(26,884)
Acquisition of Property and Equipment	(249,630)	(151,803)
Net Cash Used in Capital and Related Financing Activities	(275,185)	(178,687)
Cash Flows from Investing Activities		
Interest Income	506,713	77,279
Return of Relief Revolving Funds	-	400,000
Net Sale of Investments	(39,353)	(37,479)
Net Cash Provided by (Used in) Investing Activities	467,360	439,800
Net Increase in Cash and Cash Equivalents	1,981,427	1,506,538
Cash and Cash Equivalents, Beginning of Year	19,442,064	17,935,526
Cash and Cash Equivalents, End of Year	\$ 21,423,491	\$ 19,442,064
Operating Loss	\$ (6,465,341)	\$ (8,221,302)
<i>Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) Operating Activities:</i>		
Depreciation Expense	321,944	389,702
Bad Debt Expense	83,161	905,263
Decrease (Increase) in Deferred Outflows of Resources	2,160,406	1,450,797
(Decrease) Increase in Net Pension Liability	(1,490,390)	(890,847)
Decrease (Increase) in Accounts Receivable	307,987	659,927
(Increase) Decrease in Prepaid Expenses	(55,547)	(10,384)
Decrease (Increase) in Loans Receivable	297,030	583,851
(Decrease) Increase in Accounts Payable and Accrued Expenses	(820,489)	(510,232)
(Decrease) Increase in Compensated Absences	26,357	(1,998)
Increase (Decrease) in Deferred Revenue	695,033	95,455
Increase (Decrease) in Security Deposit	(6,666)	25,001
Increase (Decrease) in Deferred Inflows of Resources	1,357,919	1,718,972
(Decrease) Increase in Interest Payable	(2,545)	674
Net Cash (Used in) Provided by Operating Activities	\$ (3,591,141)	\$ (3,805,121)

The accompanying notes are an integral part of these consolidated financial statements.

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
(A Component Unit of the Virgin Islands Government)
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- **Governance:** The Virgin Islands Economic Development Authority (the “Authority”), was created on December 21, 2000, as an umbrella authority to assume, integrate and unify the functions of the Government Development Bank, the Economic Development Commission, the Economic Park Development Corporation (formerly known as the Industrial Development Park Corporation) and the Small Business Development Agency under an executive board, which consists of seven members appointed by the Governor. The Authority is a public corporation and a semi-autonomous instrumentality of the Government of the Virgin Islands and operates under the provisions of Act of 6390, approved by the Twenty-third Legislature of the United States Virgin Islands. The general purposes and functions of the Authority were previously carried out by the Government Development Bank for the United States Virgin Islands which was created originally in 1978 by Act No. 902, and subsequently amended in 1995 and 1996.

The mission of the Authority is to accelerate the economic development of the Virgin Islands by providing financial and technical assistance to industrial and commercial enterprises to create and save jobs in the community. In this regard, the Authority is authorized, among other things, to make loans to eligible small business enterprises.

The Authority is a component unit of the Government of the Virgin Islands and as such, its financial statements are included in the Comprehensive Annual Financial Statements of the Central Government.

- **Economic Dependency:** The Authority’s sustainability depends primarily on appropriations from the Government of the Virgin Islands. In addition, it earns income from application fees, processing fees, compliance fees, and rental income from its Economic Park facilities. During fiscal year ended September 30, 2019, the Authority received appropriations totaling \$5,745,138 from the Government of the Virgin Islands, which approximates 88% of its nonoperating revenue.
- **Basis of Presentation:** The Authority’s financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board. The Authority uses the economic resources measurement focus and follows the accrual basis of accounting whereby revenue is recorded when earned and expenses are recorded when incurred.

The Authority distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services in connection with the Authority’s principal ongoing business operations. Operating expenses include costs and losses resulting from services, administrative expenses, and depreciation expense. All other revenues and expenses are reported as nonoperating revenues and expenses. Nonoperating revenues consist of interest generated from restricted and unrestricted investments in short-term investment instruments.

- **Separate Funds:** The accounts of the Authority are organized on the basis of funds, each of which is considered to be a separate accounting entity. All transactions are recorded in a separate set of self-balancing accounts, which include assets, liabilities, fund net assets, revenues and expenses.

During fiscal year ended September 30, 2019, the Authority maintained twelve (12) accounting divisions and ten (10) major funds which constitute major transactions of the Authority.

The following is a summary of these funds:

- **Government Development Bank Fund (GDB)** accounts for the locally funded Micro Loan Program. This fund accounts for interest income from the operating account and certificates of deposits, local government appropriations, and administrative costs. The Authority’s administration and processing of loan applications on behalf of the Virgin Islands Department of Agriculture and the Virgin Islands Energy Office also occur within this fund. Those transactions have however, been excluded from the Authority’s financial statements.
- **Economic Development Commission Fund (EDC)** accounts for application, activation and annual compliance fees. Local government appropriations are also accounted for in this account together with related administrative costs.
- **Small Business Development Agency (SBDA)** accounts for the Federal Economic Development Administration Loan Funds from the U.S. Department of Agriculture, Farmers and Fishermen Local Loans, Frederiksted Revolving Loan Fund and the SDBA Direct Loan Fund. Appropriations from the central government and administrative costs are also accounted for under this fund. The SBDA legislation does not allow interest earned from its loan portfolio to be used for administrative purposes. The interest income is restricted and is used for issuing new loans.
- **Economic Park Development Corporation (EPDC)** accounts for the activities conducted by the EPDC. The EPDC was established in March 1984 to acquire, operate, and improve industrial parks in order to provide suitable sites for the location of industries to the Virgin Islands. The EPDC accounts for rental and investment income, and administrative costs associated with its operation. The EPDC does not receive any appropriations from the local government.
- **Intermediary Relending Program (IRP)** accounts for loans that are funded by the United States Department of Agriculture Rural Development Program. The interest income earned from these loans is applied to the program’s administrative costs.
- **Enterprise Zone Commission (EZC)** accounts for funds committed to the task of offering incentives to businesses that invest in severely economically depressed designated areas of St. Thomas and St. Croix. As a result, employment opportunities are provided to residents of the areas so designated.
- **Economic Development Authority (Authority)** accounts for loans that are funded through U.S. Department of Agriculture.
- **Tax Increment Financing (TIF)** this fund allows projects to be financed by pledging the increases in tax revenues that can be reasonably anticipated to be collected by the government once the financed project or activity is completed.
- **Economic Development Management (EDM)** this account was established to record all administrative costs associated with the day-to-day operations of the Authority.
- **State Small Business Credit Initiative (SSBCI)** this fund was established by the Small Business Jobs Act of 2010 by the Federal Government to Collateral Support Program, the Credit Guarantee Program, and the Payment, Surety and Performance Bond Program.
- **State Trade and Export Promotion Grant Program (STEP)** this program is funded by a federal grant from U.S. Small Business Administration. The program authorized by the Small Business Jobs Act of 2010 is a 3-year trade and export promotion pilot initiative to make matching-fund grants for states to assist ‘eligible small business concerns.’ The program objectives are to increase the number of small businesses that are exporting, and to increase the value of exports for those small businesses.

- **Disaster Small-Midsize Enterprises Incubator Program** – The Authority was awarded a Federal grant in the amount of \$1,000,000 that is matched with \$200,000 of local funding for the establishment of an incubator program on the island of St. Croix. The program promotes resource collaborations between the local government and other community-based institutions to create an avenue to spark economic viability and sustainability.
- **Cash and Cash Equivalents:** For the purposes of reporting cash flows, cash and cash equivalents are defined as cash on hand, demand deposits, certificate of deposits with financial institutions and all highly liquid investments available for current use with an initial maturity of three months or less.
- **Investments:** Investments in marketable securities or other short-term investments of cash with readily determinable fair values and investments in debt securities are reported at their fair values in the Authority’s statement of net assets.
- **Restricted Cash and Cash Equivalents:** This consists of cash and cash equivalents to be used for specific purposes as specified by legislation or by a grant agreement.
- **Allowance for Uncollectible Accounts (Loan Losses):** The Authority provides for losses when a specific need for an allowance is indicated. The provision for loan losses charged to operating expenses is the amount necessary to report the net asset at its estimated realizable value. In determining the adequacy of the allowance, management considers the composition of the loan portfolio, economic factors, historical loss experience, and value and sufficiency of collateral in the current level of the allowance.
- **Capital Assets:** The Authority capitalizes all property and equipment at cost. The property and equipment is capitalized and depreciated using the straight line method over the assets estimated useful lives. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extends the life of the assets are not capitalized.

Depreciation has been provided using the straight-line method. The estimated economic lives of the Authority’s property and equipment varied as follows:

Equipment and Furniture and Fixtures	3-5 Years
Vehicles	5 Years
Buildings and Leasehold Improvements	5-27 Years

The Authority evaluated its capital assets in accordance with GASB Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries and determined that there was no impairment loss for the year ended September 30, 2019.

- **Compensated Absences:** The Authority has recognized the liability for annual leave, which is payable to employees upon separation. Sick leave balances are not paid out upon termination, however liability for the balances exists in the event an employee transfers to another government agency; such liability is recognized at the time of the transfer. The liability for both amounts is calculated based on the Authority’s salary rates in effect at the statement of net position date.
- **Use of Estimates:** The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 2 NATURAL DISASTERS – HURRICANES IRMA AND MARIA

On September 6 and 19, 2017, the United States Virgin Islands were struck by two Category five hurricanes. The extent and severity of the storms was unprecedented and resulted in catastrophic damage to the Territory.

The Authority suffered damages in the amount of \$8,979,280. The Authority’s assets are covered under the Government of the Virgin Islands Property Insurance Program. The insurance program covers substantially all the property of the Virgin Islands Government. The program provides coverage for all risks including windstorm, earthquake, and floods. The Virgin Islands Department of Property and Procurement manages all activity related to the Property Insurance Program. The Authority realized \$-0- in insurance recoveries in fiscal year 2018.

On or about September 7 and 20, 2017, the President of the United States declared the United States Virgin Islands a disaster area and eligible for Federal Emergency Management Agency (FEMA) recovery assistance. The Authority requested financial assistance from FEMA to aid with storm related losses caused by the hurricanes, reimbursement of expenditures will be secured through Federal assistance and other contributions. As of September 30, 2018, the Authority has not received any Federal assistance or other contributions from FEMA.

NOTE 3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following at September 30, 2019:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 11,635,065	\$9,788,426	\$21,423,491

Custodial Risk is the risk that in the event of bank failure the Authority’s deposits may not be returned to it. Cash consists of cash on hand held by depository institutions and trustees in the Authority’s name. During the fiscal year, including the final date of the period, September 30, 2019, accounts at each financial institution were insured by the Federal Deposit Insurance Corporation up to \$250,000. Cash in excess of this limit are \$24,160,853 and are fully collateralized.

Restricted Cash and Cash Equivalents: The restricted cash and cash equivalents at September 30, 2019 consisted of the following:

Micro Credit Loan Program	\$ 1,795,929
Farmers and Fishermen Loan Fund	299,559
Frederiksted Revolving Loan Fund	271,876
Performance Bonding Loan Fund	2,159,403
Intermediary Relending Loan Fund	221,184
SBDA Revolving Loan Fund	919,839
SBDA Administration Loan Fund I	142,761
SBDA Administration Loan Fund II	308,948
SSBCI Grant	3,168,927
TAP Grant	500,000
	<u>\$ 9,788,426</u>

The restrictions above relate to revolving loan funds established through legislation to offer direct assistance to various industries and businesses and to aid in the creation of economic opportunities within the United States Virgin Islands.

NOTE 4 INVESTMENTS

The Authority categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other than observables inputs; Level 3 inputs are significant observable inputs. At September 30, 2019, the Authority’s investments consisted of certificate of deposits which had a recurring fair value of \$6,287,454 at year-end. The certificate of deposits is classified as Level 2 in the fair value hierarchy and is valued at amortized cost-plus accrued interest.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>	
		<u>Less than 1 Year</u>	<u>1-5 Years</u>
Certificates of Deposits	\$ 9,047,694	\$ 941,936	\$8,105,758

NOTE 5 RESTRICTED NET POSITION FOR LOAN PROGRAMS AND OTHER FUNDS

The restricted net position at September 30, 2019, consists of the following:

Micro Credit Loan Program	\$ 3,726,741
Farmers and Fishermen Loan Fund	313,839
Frederiksted Revolving Loan Fund	271,876
Performance Bonding Loan Fund	3,901,497
Intermediary Relending Loan Fund	59,465
SBDA Revolving Loan Fund	1,380,063
SBDA Administration Loan Fund I	145,411
SBDA Administration Loan Fund II	405,981
SSBCI Grant	5,828,079
TAP Grant	500,000
	<u>\$16,532,952</u>

NOTE 6 LOANS RECEIVABLE

Restricted Loans receivable as of September 30, 2019 was as follows:

Loan Principal	\$ 2,993,684
Allowance for Doubtful Accounts	(455,271)
Net Loans Receivable	<u>\$ 2,538,413</u>

The loans bear interest rates ranging from 4% to 12%. The majority of the allowance for doubtful accounts is attributed to SBDA & GDB loans which were assumed by the Authority at its inception. No additional allowance was recorded in fiscal year 2019.

NOTE 7 OTHER RECEIVABLES

The other receivables balance as of September 30, 2019:

	<u>Other Receivables</u>	<u>Allowance</u>	<u>Other Receivables, net</u>
Interest Receivable	\$ 8,168	\$ -	\$ 8,168
GDB Receivable	22,035	-	22,035
EDC Fees & Charges	126,721	(117,935)	8,786
Rent Receivable	148,657	(92,667)	55,990
Grant Receivable-Board Up & Scrape and Paint Program	40	-	40
Tax Increment Financing Fund	30,015	(30,015)	-
Economic Development Management	147,865	-	147,865
Receivable - Taxi-Tour Bus	(210)	-	(210)
Total	<u>\$ 483,291</u>	<u>\$ (240,617)</u>	<u>\$ 242,674</u>

Provision for uncollectible accounts was \$83,161 in fiscal year 2019.

NOTE 8 CAPITAL ASSETS

Capital assets are composed of the following at September 30, 2019:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirement</u>	<u>Ending Balance</u>
Capital Assets				
Building and Building Improvements	\$ 9,355,407	\$ 153,435	\$ -	\$ 9,508,842
Leasehold Improvements	867,890	-	-	867,890
Equipment	1,186,915	96,196	-	1,283,111
Furniture and Fixtures	513,973	-	-	513,973
Vehicles	469,145	-	-	469,145
Leasehold Equipment	20,585	-	-	20,585
Total Capital Assets	<u>12,413,915</u>	<u>249,631</u>	<u>-</u>	<u>12,663,546</u>
Accumulated Depreciation				
Building and Building Improvements	(8,787,534)	(145,307)	-	(8,932,841)
Leasehold Improvements	(451,685)	(77,007)	-	(528,692)
Equipment	(1,082,623)	(49,155)	-	(1,131,778)
Furniture and Fixtures	(506,560)	(3,171)	-	(509,731)
Vehicles	(322,600)	(47,305)	-	(369,905)
Leasehold Equipment	(20,585)	-	-	(20,585)
Total Accumulated Depreciation	<u>(11,171,587)</u>	<u>(321,945)</u>	<u>-</u>	<u>(11,493,532)</u>
Capital Assets, net	<u>\$ 1,242,328</u>	<u>\$ (72,314)</u>	<u>\$ -</u>	<u>\$ 1,170,014</u>

Depreciation expense for the year ended September 30, 2019 totaled \$321,944.

During 2018, the Authority was impacted by Hurricanes Irma and Maria and certain assets sustained physical damage and other assets require considerable effort to restore their service utility. The Authority evaluated its capital assets in accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. The Authority did not recognize any impairment loss for the year ended September 30, 2019.

NOTE 9 LOANS PAYABLE

The Authority entered into an Intermediary Relending Program loan agreement (IRP) with the United States Department of Agriculture Rural Business Cooperative Services on April 21, 1998. This agreement requires the repayment of the approved loan principal of \$670,530 to begin after three (3) years in twenty-seven (27) equal annual installments. An interest rate of 1% accrues on the outstanding balance. As of September 30, 2019, the outstanding loan balance was \$264,907.

As of September 30, 2019, the outstanding loan balance is comprised of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Loan Payable	\$ 264,907	\$ -	\$ (25,555)	\$ 239,352	\$ 25,889

Future minimum payments to the U.S. Department of Agriculture are as follows:

2021	\$ 26,147
2022	26,409
2023	26,673
2024	26,940
2025-2028	110,201
Total	<u>\$ 216,370</u>

NOTE 10 COMPENSATED ABSENCES

Compensated absences balance as of September 30, 2019 was \$423,647 of which \$183,141 is due within a year.

NOTE 11 LEASES

Lessor --- The Authority leases commercial properties it owns through the Economic Park Development Corporation. The terms of the leases vary from one to five years, with monthly rent payments dependent on the amount of square footage occupied and the location of the property.

Lessee --- The Authority leases office space, under a five-year lease term, from January 1, 2018 through December 31, 2022, for office and common area spaces with increases in rent on the 2nd and 4th anniversaries equal to the percentage of the cost-of-living increase for the preceding year, based upon the Consumer Price Index (CPI-U) as published by the U.S. Department of Labor Bureau of Labor Statistics. In addition, the Industrial Park buildings are located on parcels of leased land. The land is rented under a two-year term, from January 1, 2017 – December 31, 2019.

Rent expense for the year ending September 30, 2019 was \$267,503. The aggregate lease commitment for the Authority is \$-0-.

NOTE 12 DEFERRED REVENUE

Current Deferred Revenue: Out of \$13,128,487 reflected in the financial statements \$12,920,121 represents the amount not expended as of September 30, 2019 from the grant funds received in fiscal year 2012 from the United States Department of Treasury for the State Small Business Credit Initiative.

Noncurrent Deferred Revenue: In October 2009, the Virgin Islands Public Finance Authority (VIPFA) issued \$87,000,000 in bonds of which \$5,000,000 was allotted to the Authority. These funds are to be utilized for developmental loan programs and are drawn down from VIPFA as loans are issued. Out of the noncurrent deferred revenue reflected in the financial statements \$939,405 represents advance funds received from VIPFA in fiscal year 2009. The deferred revenue will be relieved as additional loans are made in the future.

NOTE 13 PENSION PLAN

The Authority follows the provisions of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This Statement establishes financial reporting standards for state and local governments for pensions.

Plan Description

The Authority's employees are members of the Employees' Retirement System of the Government of the U.S. Virgin Islands ("GERS"), cost sharing multiple employer defined benefit, public employee retirement system as defined by GASB 68. The system was established by the Government to provide retirement, death and disability benefits to its employees. All of the Authority's full-time regular employees are mandated to participate in the retirement plan administered by GERS.

The Authority's part-time employees who regularly work more than 50% of the normal work period, and full-time regular employees who at the time of employment are under age 55 years with one year of government service are eligible to participate in the system. Effective January 1, 2015, the Authority's required contribution was 20.5% of the member's annual salary. Prior to that date, the percentage was 17.5%. Effective January 1, 2017, member contributions were 11 and 11.5% for Tier I and Tier II employees. Prior to that, member contributions were 10 and 10.5% for Tier I and Tier II employees respectively. Total amount of the Authority's covered payroll for the year ended September 30, 2019 was \$2,402,395.

Plan descriptions, funding policies, and a schedule of employee required and paid contributions for the defined benefit plans are presented in the Virgin Islands Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2019. The CAFR also provides detailed historical trend information showing the progress in accumulating sufficient assets to pay benefits when due. In addition, GERS issues a publicly available report that includes financial statements and required supplementary information.

This report may be obtained from the Employees Retirement System of the Government of the Virgin Islands, GERS Complex, 3438 Kronprindsens Gade, St. Thomas, VI 00802.

NOTE 14 NET PENSION LIABILITY

Net Pension Liability

Effective July 1, 2014, the Entity implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Following is a description of the pension plan and accounting for pension expense, liabilities, and deferred outflows/inflows of resources.

Plan Description and Benefits

Full time employees of the Authority are members of the Government Employees' Retirement System of the Virgin Islands (GERS), a cost sharing multiple-employer, defined benefit pension plan (the plan) established as of October 1, 1959 in accordance with Title 3, Chapter 27 of the Virgin Islands Code to provide retirement, death, and disability benefits. Benefits may be extended to beneficiaries of plan members. The plan covers all employees of the Government, including the Entity, except employees compensated on a contract fee basis, casual, per diem or provisional and part time employees who work less than 20 hours per week. Persons over the age of 55 may opt out of the plan by providing formal notification to the plan. Vesting of benefits occurs after 10 years of service. Benefits may be extended to beneficiaries of plan members.

There are two tiers within the plan:

- Tier I:** Employees hired prior to September 30, 2005
- Tier II:** Employees hired on or after October 1, 2005

Regular employees who have completed 30 years of credited service or have attained age 60 with at least 10 years of credited service are eligible for a full-service retirement annuity. Members who are considered "safety employees" as defined in the Code are eligible for full retirement benefits when they have earned at least 20 years of service or have reached the age of 55 with at least 10 years of credited service. Regular and safety employees who have attained age 50 with at least 10 years of credited service may elect to retire early with a reduced benefit.

The monthly annuity benefit payment is determined by applying a stipulated benefit ratio to the member's average compensation. Average compensation for Tier I members is determined by averaging the five highest years of credited service within the last ten years of service, subject to the maximum salary limitations in effect during such service.

Average compensation for Tier II members is determined by averaging the most recent five years of credited service within the last ten years of service, subject to the maximum salary limitations in effect during the service. The maximum annual salary that can be used in this computation is \$65,000, except for senators and judges, whose annual salary is used.

Funding and Contribution Policy

Contributions to GERS are established by the Board of Trustees of GERS. The Government's required employer contribution for Tier I and Tier II members was 20.5% of the member's annual salary.

Effective January 1, 2017, Tier I member contributions increased by 1% to 11% of annual salary for regular employees.

Effective January 1, 2017, Tier II member contributions increased by 1% to 11.5% of annual salary for regular employees.

NOTE 14 – NET PENSION LIABILITY

(Continued)

Prior to June 29, 2000, member contributions were refundable without interest upon withdrawal from employment before retirement. Effective July 1, 2009, GERS’ Board of Trustees approved an effective annual interest rate on refunded contributions of 2% per annum.

Both the Plan and the Authority have a September fiscal year end. GASB Statement No. 68 requires that the reported results must pertain to liability and asset information within certain defined time frames. For this report, the following time frames are used:

Valuation Date:	October 1, 2018
Measurement Date:	September 30, 2018
Measurement Period:	October 1, 2017 – September 30, 2018

The Authority’s proportionate share of employer contributions recognized by GERS was \$415,001 for the Plan’s fiscal year ended September 30, 2018.

Pension Liabilities and Expense and Deferred Outflows/Inflows of Resources

As of September 30, 2019, the actuarial calculated net pension liability for the Authority’s proportionate share of the net pension liability of the Plan was \$22,826,467. The net pension liability of the Plan is measured as of September 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2018. Actuarially determined proportionate share information from GERS was estimated by management based on an average four-year respective share of the Authority’s contributions to the Plan relative to all contributions to the Plan.

At September 30, 2018, the Authority’s proportion was .5470 percent, which was a decrease of .0352 from its proportion measured as of September 30, 2017.

For the year ended September 30, 2019, the Authority recognized \$493,041 of pension expense, inclusive of amortization of deferred outflows of pension related items.

Following is a schedule of deferred outflows/inflows of resources allocated to the Authority in the computation of net pension liability:

	Deferred Outflows by Resources	Deferred Inflows of Resources
Change in assumptions	\$ 2,683,369	\$ 2,842,660
Difference between expected and actual experience	529,969	-
Net difference between projected and actual earnings on pension plan investments	43,108	519,125
Change in proportionate share	336,502	-
Contributions made subsequent to measurement date	493,041	-
	\$ 4,085,989	\$ 3,361,785

Amounts reported as deferred outflows, exclusive of contributions made after the measurement date, will be recognized in pension expense as follows:

Year ending September 30,	
2020	\$ 713,326
2021	630,670
2022	(136,587)
2023	(123,550)
2024	(497,501)
Thereafter	(234,765)

NOTE 14 – NET PENSION LIABILITY

(Continued)

Actuarial Assumptions

A summary of the actuarial assumptions and methods used to calculate the total pension liability as of September 30, 2017, is provided below, including any assumptions that differ from those used in the October 1, 2017 actuarial valuation. Refer to October 1, 2017 actuarial valuation report for a complete description of all other assumptions, which can be found on GERS’ website.

Inflation Rate:	2.50%
Salary Increases:	3.25% including inflation
Actuarial Cost Method:	Entry Age Normal
Expected Rate of Return:	7.00%
Municipal Bond Yield:	4.18%
Discount Rate:	4.25%
Mortality Table:	RP-2014 Blue Collar

Investment Rate of Return

The long-term expected rate of return of 7.0% on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan’s target asset allocation as of September 30, 2018, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	29%	6.16%
International equity	12%	6.71%
Fixed income	27%	1.71%
Cash	2%	0.91%
Alternative	30%	5.50%

Discount Rate

The discount rate used to measure the total pension liability was 4.25% as of September 30, 2018 and 3.74% as of September 30, 2017. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate, including the future increases in the employee contribution rates legislated. Based on those assumptions, the plan’s fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments of 7.0% was applied to all periods of projected benefit payments that are covered by projected assets. For periods where projected future benefit payments are not covered by projected assets, the yield on a 20-year AA Municipal Bond index was applied, which was 4.18% and 3.64% at September 30, 2018 and 2017, respectively.

Sensitivity of Proportionate Share of Net Pension Liability to Changes in the Discount Rate

The following presents the Authority’s allocation of its proportionate share of the net pension liability (NPL) for the plan, calculated using the discount rate, and what the allocation of the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% (2.74%) lower or 1% (4.74%) higher than the current rate.

1% Decrease Share of NPL @ 3.25%	Share of NPL @ 4.25%	1% Increase Share of NPL @ 5.25%
\$28,487,644	\$24,765,971	\$21,673,729

Detailed information about pension plan’s fiduciary net position is available in the separately issued GERS financial report.

NOTE 15 OTHER POSTEMPLOYMENT BENEFITS

The Government provides other postemployment benefits (OPEB) of healthcare, prescription, dental and life insurance coverage. The Authority participates in the Government’s plan. These benefits are provided in accordance with Title 3, Chapter 25, Subchapter VIII of the V.I. Code as part of a multiple employer defined benefit OPEB plan, in which the Authority participates. All employees who retire from government service after attaining age fifty-five (55) with at least thirty (30) years of service, except for policemen and firemen who can retire with at least twenty (20) years of service, are eligible for these benefits.

In the year ended September 30, 2018, the Authority has implemented the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This standard requires the reporting and disclosure of costs and liabilities associated with postemployment benefits provided to retirees of the Authority.

Healthcare, prescription, and dental insurance is provided through negotiated contracts with private insurance companies. Participants in the plan may elect coverage for their spouses and dependent children. Participants are required to contribute 35% of medical, prescription, and dental premiums.

Employees covered by benefits terms. At September 30, 2019, the following employees were covered by the benefit terms:

Service and Disability retirees	7
Active employees	44
Total	51

The contribution requirements of plan members and the Primary Government are legislated within the V.I. Code, and may be amended, by the Virgin Islands Legislature. As part of the code, the Primary Government is legally responsible to pay 100% of the cost of the benefits constituting a special funding situation under GASB Statement No. 75 for the Authority. For the years ended September 30, 2019 and 2018, the Authority recognized revenue and related expenses of \$154,344 and \$169,745, respectively, related to the on-behalf OPEB costs paid by the Primary Government. The plan is a pay-as-you-go plan, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No.75 and expenses are paid as they become due.

At September 30, 2019 and 2018, respectively, the Authority’s proportionate share of the total OPEB liability was reduced by the OPEB support provided by the Primary Government. The amount recognized by the Authority for its proportionate share, the related Primary Government proportion and the total were as follows:

	2019	2018
The Authority’s proportionate share of total OPEB liability	\$ -	\$ -
Primary Government’s share of the total OPEB liability associated with the Authority	1,911,089	1,841,060
Total OPEB liability	\$ 1,911,089	\$ 1,841,060

NOTE 15 – OTHER POSTEMPLOYMENT BENEFITS

(Continued)

At September 30, 2019 and 2018, the Primary Government’s share of the deferred inflows of resources related to the Authority are as follows:

	2019	2018
Changes in Actuarial Assumptions or other input	\$181,816	\$126,327

The amounts of the Primary Government’s balances of deferred inflows of resources related to the Authority will be recognized in OPEB expense as follows:

Year ended September 30	OPEB Expense Amount
2020	\$ 37,924
2021	37,924
2022	37,924
2023	37,924
2024	24,145
Thereafter	5,975
Total	\$181,816

Actuarial Assumptions

The postemployment benefit plan is an unfunded plan. An actuarial valuation was conducted of the amount required to fund the plan, involving assumptions about the probability of the occurrence of events in the future. Update procedures were used to roll forward the total OPEB liability to the measurement date. Actuarial assumptions used in the computation of the total OPEB liability are as follows:

Valuation date:	October 1, 2017
Measurement date:	October 1, 2018
Report date:	September 30, 2019
Actuarial cost method:	Entry Age Normal Cost Method
Amortization method:	Recognition Period of 6 Years
Salary increases:	Payroll Growth of 3.25% per year
Discount rate:	Beginning of Year Rate of 3.35% End of Year Rate of 3.64% S&P Municipal Bond 20-Year High Grade Rate Index as of September 30, 2018
Healthcare cost trend rates:	Pre-Medicare Increases of 7.00% in 2018 to 4.50% in 2023 Medicare Increases of 5.50% in 2018 to 4.50% in 2023 Dental Increases of 5.50% in 2018 to 4.50% in 2023
Inflation:	2.25% Implicit Rate in Healthcare Trend Analysis

NOTE 15 – OTHER POSTEMPLOYMENT BENEFITS

(Continued)

Retirees share of costs:	35% of Medical and Dental Premiums and Noncontributory Life Insurance Coverage.
Mortality:	RP-2014 Blue Collar Mortality Generational Table Adjusted 110% with Scale MP-2015 for Healthy Lives. For Disability Retirees, RP-2014 Disabled Mortality Generational Table Adjusted 125% with Scale MP-2015
Marital status:	Assumed 50% of Future Male Retirees and 25% of Future Female Retirees Cover Spouses in Retirement Husbands Assumed to be 3 Years Older Than Spouse Subsidized Coverage of Spouses and Dependents Ceases Upon Death.
Actuarial Experience Study	The actuarial assumptions used in the October 1, 2018 valuation was based on the results of an actuarial experience study for the period October 1, 2014 – September 30, 2015.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the total OPEB Liability if the discount rate was 1% less than and 1% greater than the discount rate that was used (3.64%) in measuring the total OPEB Liability for the year ended September 30, 2019.

	1% Decrease in Discount Rate (2.64%)	Current Single Discount Rate (3.64%)	1% Increase in Discount Rate (4.64%)
The Primary Government's share of the total OPEB liability associated with the Authority:	\$ 2,277,285	\$ 1,911,089	\$ 1,611,511

The following schedule shows the impact of the total OPEB Liability if the discount rate was 1% less than and 1% greater than the discount rate that was used (3.35%) in measuring the total OPEB Liability for the year ended September 30, 2018.

	1% Decrease in Discount Rate (2.35%)	Current Single Discount Rate (3.35%)	1% Increase in Discount Rate (4.35%)
The Primary Government's share of the total OPEB liability associated with the Authority:	\$ 2,188,485	\$ 1,841,060	\$ 1,565,162

NOTE 15 – OTHER POSTEMPLOYMENT BENEFITS

(Continued)

Healthcare trend Sensitivity Analysis

The following schedule shows the impact of the total OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the assumed 7.0% rate used for the year ended September 30, 2019.

	1% Decrease in Healthcare Trend Rate (6.0%)	Current Single Healthcare Trend Rate (7.0%)	1% Increase in Healthcare Trend Rate (8.0%)
The Primary Government's share of the total OPEB liability associated with the Authority:	\$ 1,569,991	\$ 1,911,089	\$ 2,363,432

The following schedule shows the impact of the total OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the assumed 7.0% rate used for the year ended September 30, 2018.

	1% Decrease in Healthcare Trend Rate (6.0%)	Current Single Healthcare Trend Rate (7.0%)	1% Increase in Healthcare Trend Rate (8.0%)
The Primary Government's share of the total OPEB liability associated with the Authority:	\$ 1,517,108	\$ 1,841,060	\$ 2,270,905

NOTE 16 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Authority has various outstanding commitments at September 30, 2019, which includes outstanding loan commitments in the process of being approved by the Board of Directors which are not reflected on the statement of net assets.

The Authority asserts that there have not been any material claims, suits or complaints filed nor are any pending against the Authority. In the opinion of management, all other matters which are asserted or unasserted are without merit and would not have a significant effect on the financial position or results of operations if they were disposed of unfavorably.

NOTE 17 RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and natural disasters for which the Authority has commercial insurance coverage. Annual premium payments are made in proportion to the anticipated exposure to the liability losses assessed.

NOTE 18 INSURANCE RECOVERIES

Certain properties of the Authority sustained damage as a result of hurricanes Irma and Maria. The Authority's properties are insured under an umbrella policy owned by the Government of the U.S. Virgin Islands. The Authority has expended certain sums on repairs and expects to incur substantial costs in future periods. The allocated insurance recovery from the Government wide insurance policy has not been received as of the date of this report. Minimal recoveries have been received and are reflected in the financial statements.

NOTE 19 SUBSEQUENT EVENTS

The Authority's management has evaluated subsequent events through January 15, 2021, the date the financial statements were available to be issued. The accompanying financial statements recognize the effects of subsequent events that provided evidence about conditions that exist at the balance sheet date, including the estimates inherent in the process of preparing financial statements. The accompanying financial statements do not recognize the effect of subsequent events that did not exist at the balance sheet date, but disclosures of such events, if any, are included in the accompanying notes.

The U.S. Virgin Islands has been impacted by the Coronavirus Disease (COVID-19), an aggressive and potent pandemic. This pandemic is considered a non-recognized subsequent event, that is, an event that did not exist at the date of the statement of position. The financial impact of the event is unknown, and no adjustment has been recorded in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
(A Component Unit of the Virgin Islands Government)

**SCHEDULE OF THE AUTHORITY'S PRORPORTIONATE SHARE OF
NET PENSION LIABILITY**

LAST 10 FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion Share of the Net Pension Liability	0.5935%	0.5994%	0.5868%	0.6044%	0.05569%
Proportionate Share of the Net Pension Liability	\$24,765,971	\$26,256,361	\$27,147,208	\$24,609,495	\$18,803,107
Covered-Employee Payroll	\$ 2,402,395	\$ 2,404,022	\$ 2,130,222	\$ 2,149,268	\$ 2,106,050
Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	1031%	1092%	1274%	1145%	892%
Plan Fiduciary Net Position as Percentage of the Total Pension Liability	11.32%	16.18%	16.54%	19.58%	27.02%

**The schedule is intended to show a 10-year trend. Additional years will be reported as they become available. The amounts presented for each fiscal year are as of the measurement date (September 30 of the previous fiscal year.)*

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
(A Component Unit of the Virgin Islands Government)

SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS

LAST 10 FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contributions	\$1,647,137	\$1,604,852	\$1,450,324	\$1,209,343	\$1,056,524
Contributions in Relation to the Contractually Required Contribution	<u>484,158</u>	<u>450,946</u>	<u>528,992</u>	<u>437,513</u>	<u>388,619</u>
Annual Contribution Deficiency (Excess)	<u>\$1,162,979</u>	<u>\$1,153,906</u>	<u>\$ 921,332</u>	<u>\$ 771,830</u>	<u>\$ 677,905</u>
Covered Employee Payroll	\$2,402,395	\$2,404,022	\$2,130,222	\$2,149,268	\$2,106,050
Contributions as a Percentage of Covered Employee Payroll	20.15%	18.76%	24.83%	20.36%	18.45%

**The schedule is intended to show a 10-year trend. Additional years will be reported as they become available. The amounts presented for each fiscal year are as of the latest fiscal year.*

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
(A Component Unit of the Virgin Islands Government)

**SCHEDULE OF THE AUTHORITY'S PRORPORTIONATE SHARE OF
OPEB LIABILITY**

LAST 10 FISCAL YEARS

Year Ended September 30,	Measurement Period Ended October 1,	Authority's Proportion of the Total OPEB Liability	Authority's Proportion of the Total OPEB Liability	Primary Government's Proportionate Share of the total OPEB Liability	Total OPEB Liability	Authority's Covered Employee Payroll	Total OPEB Liability as a Percentage of the Authority's Covered Employee Payroll
2019	2018	0.00%	\$ -	\$1,911,089	\$1,911,089	\$2,402,395	79.55%
2018	2017	0.00%	\$ -	\$1,841,060	\$1,841,060	\$2,404,022	76.58%
2017	2016	0.00%	\$ -	\$1,824,937	\$1,824,937	\$2,130,222	85.67%

*The schedule is intended to show a 10-year trend. Additional years will be reported as they become available. The amounts presented for each fiscal year are as of the measurement date (September 30 of the previous fiscal year.)

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Directors
Virgin Islands Economic Development Authority
St. Thomas, U.S. Virgin Islands

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of the Virgin Islands Economic Development Authority (the Authority), and its wholly owned subsidiary Economic Development Park Corporation, a component unit of the Government of the U.S. Virgin Islands, as of and for the year ended September 30, 2019, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 15, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of the Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bert Smith & Co.

U.S. Virgin Islands
January 15, 2021

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Audit Finding No.	Finding	Corrected	Not Corrected
2018-01	Noncompliance with Program Requirements	X	

OTHER SUPPLEMENTARY INFORMATION

Period of October 1, 2018 – September 30, 2019

ADMINISTRATION

Executive

STT USVIEDA Chief Executive Officer Kamal I. Latham
 STX USVIEDA Assistant Chief Executive Officer/COO Wayne L. Biggs, Jr.
 STX USVIEDA Business Ambassador Yolanda Bryan
 STX USVIEDA Project Coordinator Humberto O'Neal
 STT USVIEDA Executive Assistant to the CEO Celina D. Morris
 STT USVIEDA Administrative Assistant Ja'Nelle Forbes
 STX USVIEDA Administrative Assistant Michelle Gaskin

Accounting

STT USVIEDA Chief Financial Officer Ernest Halliday, CPA, CGMA,
 STT USVIEDA Senior Accountant Maritza E. Hernandez
 STT USVIEDA Budget and Financial Analyst Kelly V. Thompson-Webbe
 STT USVIEDA Accountant II Jana Cammie
 STT USVIEDA Accountant I Regina Powell
 STT USVIEDA Accountant II K'Nisha Gumbs
 STT USVIEDA Custodial Worker Francillia Williams
 STT USVIEDA Messenger/Service Worker Cuthbert Charlemagne

Human Resources

STX USVIEDA Human Resources Manager Wendy Wheeler, MBA, CPM
 STT USVIEDA Human Resources Specialist Shirley J. Jones-Peters

Legal

STX USVIEDA General Counsel Tracy Lynch Bhola, Esq.
 STX USVIEDA Paralegal/Investigative Analyst Lisa Mitchell-Harris
 STX USVIEDA Paralegal/Investigative Analyst Neisha Christopher-Christian

Marketing & 2040 Vision

STT USVIEDA Managing Director, Marketing & 2040 Vision Shanell Petersen
 STT USVIEDA Marketing and Public Relations Specialist Semele A.C. George
 STT USVIEDA Program Manager, Marketing & 2040 Vision Kyle C. Thomas

USVIEDA Board

STT USVIEDA Board Liaison Carol V. Chapman

USVIEDA ENTITIES

Economic Development Commission - Applications

STT EDC Managing Director, Economic Development Margarita A. Benjamin
 STX EDC Applications Analyst II Esther M. Joseph
 STT EDC Applications Analyst I Sasha Garnett
 STX EDC Document Specialist LaShanna McBean de Chabert

Economic Development Commission - Compliance

STX EDC Director of Compliance Claude S.M. Gerard
 STT EDC Senior Compliance Officer Joy Penn
 STX EDC Lead Compliance Officer Ayanna T. Romney
 STT EDC Compliance Officer II Sandra Bess
 STX EDC Compliance Officer I Jahnella Harvey
 STX EDC Compliance Officer I Latoya Martin

Enterprise Zone Commission

STT EZC Managing Director, Enterprise Zone Commission Nadine T. Marchena Kean
 STT EZC Enterprise Zone Specialist II Raheem Smith
 STX EZC Enterprise Zone Specialist I Iyanna Jones, MBA
 STT EZC Enterprise Zone Programs & Grants Compliance Officer I Shaylah Anthony

Economic Development Bank

(formerly the Small Business Development Agency and the Government Development Bank)

STX EDB Interim Director of Lending Monique T. Samuel
 STT EDB Loan / Collection Officer Denise C. Donadelle
 STT EDB Loan Assistant Charlene Gerard Joseph
 STT EDB Loan Assistant Shatima Charleswell
 STT EDB Receptionist Jeraldine Eason
 STX EDB Receptionist Gloria Fredericks

EDB Disaster Small-Mid-sized Enterprises Incubation Program

STX DSME Incubator Program Manager Cusa Holloway
 STX DSME Administrative Assistant Lisa Ann C. James

Virgin Islands Economic Development Park Corporation

(formerly known as the Industrial Park Development Corporation)

STX EDP Park Superintendent Mark Finch
 STX EDP Senior Maintenance Worker Edward Berry
 STX EDP Maintenance Worker II Athanasius Obieus
 STX EDP Maintenance Worker I Ethelbert Lesmond

KEY

STT = St. Thomas

STX = St. Croix

USVIEDA = United States Virgin Islands Economic Development Authority



*Location: Yacht Haven Grande, USVI & IGY
Marinas on St. Thomas, U.S. Virgin Islands.*

- Istockphoto



**U.S. VIRGIN ISLANDS
ECONOMIC
DEVELOPMENT AUTHORITY**

ST. CROIX DISTRICT

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Telephone: 340-773-6499

ST. THOMAS-ST. JOHN DISTRICT

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